Alberta

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Housing and Urban Affairs

Annual Report
2010-2011

Government of Alberta

Housing and Urban Affairs

Annual Report

2010-2011

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Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 24 Ministries. The annual report of the Government of Alberta released June 30, 2011 contains Ministers' accountability statements, the consolidated financial statements of the Province and *The Measuring Up* report, which compares actual performance results to desired results set out in the government's business plan.

This annual report of the Ministry of Housing and Urban Affairs contains the Minister's accountability statement, the audited consolidated financial statements of the Ministry and a comparison of actual performance results to desired results set out in the Ministry business plan. This Ministry annual report also includes:

- the financial statements of entities making up the Ministry including the Department of Housing and Urban Affairs and the Alberta Social Housing Corporation for which the Minister is responsible,
- other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as a part of the financial statements, to the extent that the Ministry has anything to report.

Minister's Accountability Statement

The Ministry's annual report for the year ended March 31, 2011, was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at June 15, 2011 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

Original signed by

Jonathan Denis, Q.C.
Minister of Housing and Urban Affairs

Message from the Minister

In serving Albertans as Minister of Housing and Urban Affairs, my focus is on helping those most in need to access appropriate and affordable housing at the best value to the taxpayer. To do this, Alberta Housing and Urban Affairs works closely with groups and communities across the province to address the housing pressures of today and to prepare for future growth and prosperity.

The approach acknowledges the leadership role and knowledge of groups and communities in meeting local housing-related needs. The approach is also reflected in many partnerships with non-profit and private sector organizations, municipalities and the federal government.

The partnerships my department fosters with the private and non-profit sectors and local housing management bodies enable all of us to achieve more together. These partnerships have saved the ministry about half of the capital cost of the $2.01 billion invested by government and partners to build housing for Albertans in need. Taxpayers certainly benefit and importantly so do Albertans in need – through the availability of more affordable housing in a shorter timeframe.

Through our work with developers that specialize in affordable housing, thousands of new, modestly designed rental units are being developed. The units can be home to people with special needs or other challenges that limit their ability to earn a living, seniors on fixed incomes, and individuals and families striving to resolve the underlying causes of their homelessness.

As mentioned, our partnerships also include community-based organizations and housing management bodies, who are crucial to helping put and keep a roof over the heads of many Albertans. Of particular note, in this second year of our 10-year Plan to end homelessness about 1,500 Albertans experiencing homelessness were provided safe housing with the supports to remain housed and transition to independence. Along with managing the day-to-day operations of providing housing to thousands of Albertans in need, these partners also help administer and deliver rent supports.

Rent supports are a great homeless prevention tool as they provide a relatively small amount of financial assistance to help lower-income Albertans pay their rent and stay housed. Rent supports, the development of affordable housing and supports to help people living on the street to get and stay housed, are all part of our commitment to ending homelessness by 2019.

Another initiative to help the homeless become independent is making government-issued identification available to them. Official identification can remove barriers to getting a job, an apartment and a bank account. It can also help people access the services and programs they need to get off the street and become independent.

Our goal is to help Albertans who are most in need of housing to have a safe and stable home where they can build a better life for themselves and their families.

In addition to the many partners who do so much good work, I value the outstanding efforts of department management and staff. Their efforts to support government investment, partnerships, cost efficiency and professionalism will make a difference for generations of Albertans to come.

Original signed by

Jonathan Denis, Q.C.
Minister of Housing and Urban Affairs
Deputy Government House Leader

Management's Responsibility for Reporting

The Ministry of Housing and Urban Affairs includes: the Department of Housing and Urban Affairs, the Alberta Social Housing Corporation, the Alberta Secretariat for Action on Homelessness, and the Community Development Advisory Board.

The executives of the individual entities within the Ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the Ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the Ministry rests with the Minister of Housing and Urban Affairs. Under the direction of the Minister, I oversee the preparation of the Ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The consolidated financial statements are prepared in accordance with the Canadian public sector accounting standards.

The performance measure is prepared in accordance with the following criteria:

- Reliability – Information agrees with the underlying data and the sources used to prepare it.
- Understandability and Comparability – Current results are presented clearly in accordance with the stated methodology and are comparable with previous results.
- Completeness – Performance measure and target match those included in Budget 2010.

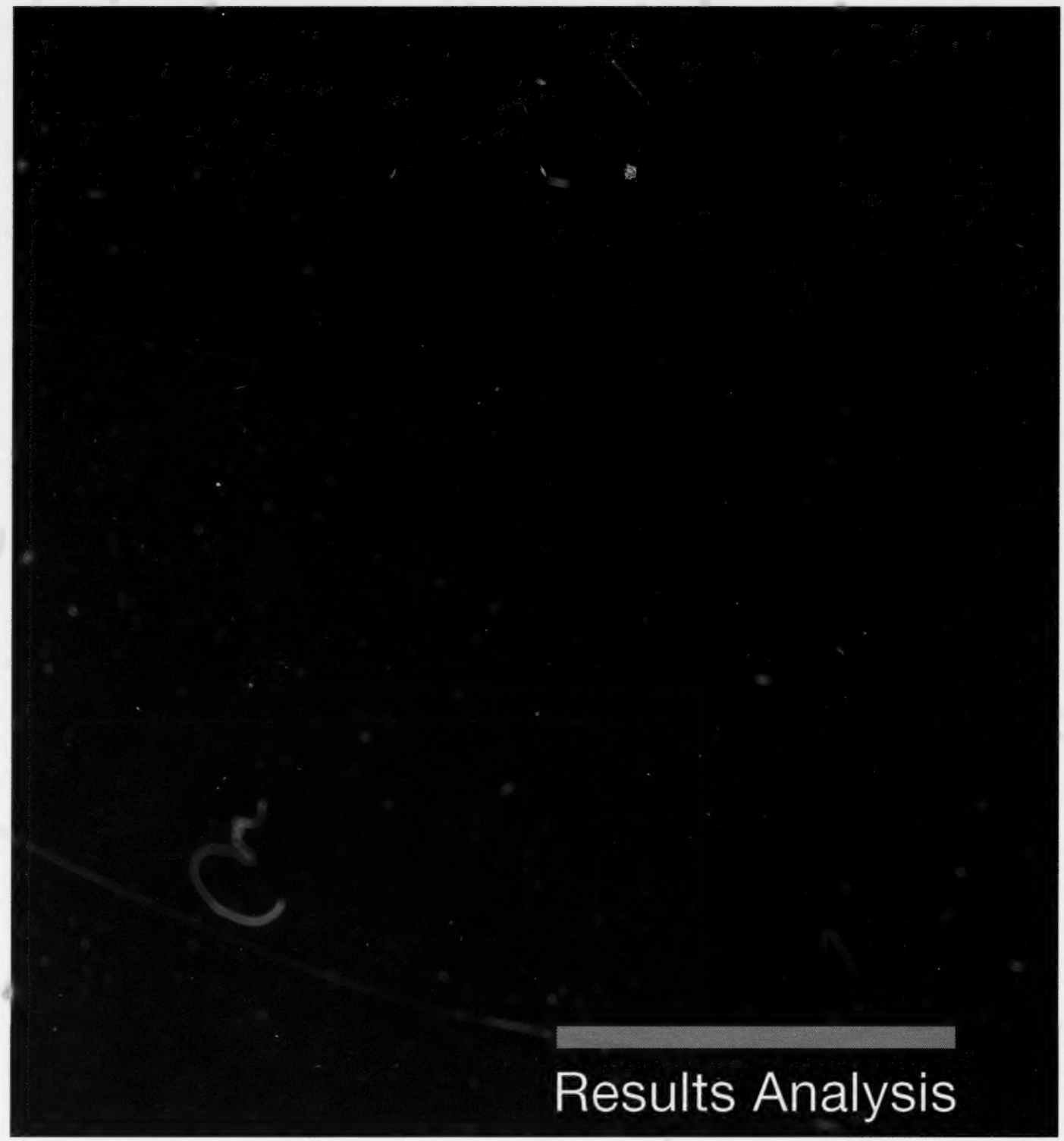
As Deputy Minister, in addition to program responsibilities, I am responsible for the Ministry's financial administration and reporting functions. The Ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance;
- safeguard the assets and properties of the Province under Ministry administration;
- provide Executive Council, the President of Treasury Board, the Minister of Finance and Enterprise and the Minister of Housing and Urban Affairs information needed to fulfill their responsibilities; and
- facilitate preparation of Ministry business plans and annual reports required under the *Government Accountability Act*.

In fulfilling my responsibilities for the Ministry I have relied, as necessary, on the executive of the individual entities within the Ministry.

Original signed by

Marcia Nelson
Deputy Minister
June 13, 2011



Results Analysis

Ministry Overview

The Department of Housing and Urban Affairs is composed of three main divisions and includes shared services:

Housing Development and Operations

The Housing Development and Operations Division works with over 400 organizations, including municipalities, housing management bodies, non-profit and private sector organizations to ensure Albertans of modest means have access to affordable housing that meets their basic needs. This requires support for a mix of existing and new housing options for families, individuals, seniors, Albertans with special needs and the homeless. The division delivers capital grant programs to increase the Province's supply of affordable housing; monitors agreements related to approximately 15,700 affordable housing units; ensures the operations of the 26,500 provincially-owned and/or supported social housing units are managed effectively; and manages the delivery of the rent supplement programs and other grant initiatives delivered through the Department and the Alberta Social Housing Corporation.

Homeless Support and Land Development

The Homeless Support and Land Development Division implements A *Plan for Alberta: Ending Homelessness in 10 Years*. The Division works with community based organizations in Alberta's seven major cities to deliver the Plan's initiatives; supports the Alberta Secretariat for Action on Homelessness in monitoring the implementation of the Plan; and funds 30 emergency shelter operators who deliver over 3,400 emergency and transitional shelter spaces across the province. The division oversees the development and release of serviced land parcels of Parsons Creek in Fort McMurray and supports the timely release of suitable surplus land for the development of affordable housing in high-growth communities.

Strategic Services

The Strategic Services Division provides strategic, operational and corporate support to the Ministry. The division is responsible for the development and coordination of policy and legislation, strategic planning and reporting, performance measures, research, coordinating federal/provincial relations, and all aspects of financial services. The division provides the Ministry with information management and technology services and general administration, including accommodations, procurement and records management. Strategic Services collaborates with stakeholders and cross-Ministry partners to develop solutions that enhance understanding of key issues surrounding homelessness and affordable housing.

Shared Services

Housing and Urban Affairs has established memoranda of understanding with the Ministries of Service Alberta and Municipal Affairs to provide shared services including accounts payable and receivable administration and human resources services. The Ministry has entered into a Legal Services Protocol with Justice and Attorney General for the provision of legal services.

Legislative Authority

Both the Minister of Housing and Urban Affairs and the Minister of Seniors and Community Supports have delegated authority to administer the *Alberta Housing Act*. Authority for administering the regulations under the Act is as follows:

- *Alberta Mortgage and Housing Corporation Loan Regulation*
  (administered by Housing and Urban Affairs)
- *Loan Insurance Regulation*
  (administered by Housing and Urban Affairs)
- *Rent Supplement Regulation*
  (administered by Housing and Urban Affairs)
- *Housing Accommodation Tenancies Regulation*
  (administered by Housing and Urban Affairs and Seniors and Community Supports)
- *Management Body Operation and Administration Regulation*
  (administered by Housing and Urban Affairs and Seniors and Community Supports)
- *Social Housing Accommodation Regulation*
  (administered by Housing and Urban Affairs and Seniors and Community Supports)
- *Lodge Assistance Program Regulation*
  (administered by Seniors and Community Supports)

The Minister of Housing and Urban Affairs shares responsibility with the Minister of Seniors and Community Supports and the Minister of Children and Youth Services to administer the *Social Care Facilities Licensing Act*.

The Minister of Housing and Urban Affairs is delegated authority under the *Government Organization Act* to administer Schedule 13 and the *Housing and Urban Affairs Grant Regulation*. The Minister's authority to administer Schedule 13 of the *Government Organization Act* is shared with the Minister of Seniors and Community Supports, and the Minister of Service Alberta. The following regulations are enacted under Schedule 13, Social Housing and Consumer Matters:

- *Guarantee Regulation*
- *Rural Emergency Home Program Loans Regulation*

Boards and Agencies

The Alberta Social Housing Corporation

The Alberta Social Housing Corporation (the Corporation) operates under the authority of the *Alberta Housing Act*.

The Corporation's primary purpose is to facilitate the provision of affordable housing options to low-income Albertans and those with special needs through community-based Housing Management Bodies (HMBs) and to administer the seniors' self-contained housing program. The Corporation owns and administers the Province's portfolio of social housing and manages agreements associated with those assets.

Most provincially-owned housing is operated and maintained by HMBs, which also operate under the authority of the *Alberta Housing Act*. The Corporation directly operates units not administered by HMBs, including administering the sale of provincially-owned properties that are no longer efficient or effective for social housing programs.

The Corporation also oversees provincial commitments and entitlements remaining from discontinued business activities such as mortgages and loan guarantees and directly operates and acts as the landlord for a small portion of units classified as "rural housing".

The Alberta Secretariat for Action on Homelessness

The Alberta Secretariat for Action on Homelessness was established by Ministerial Order on January 25, 2008, pursuant to section 7 of the *Government Organization Act*.

The mandate of the Secretariat is to monitor the implementation of the provincial 10-year Plan to end homelessness by 2019. To fulfil this mandate, the Secretariat provides strategic advice to the Minister of Housing and Urban Affairs and provides support to communities as they develop their own plans to end homelessness. The Secretariat also oversees the Alberta Homelessness Research Consortium.

The Community Development Advisory Board

The Community Development Advisory Board was established by Ministerial Order on December 9, 2008, pursuant to section 7 of the *Government Organization Act*. The board's mandate is to make recommendations to the Minister of Housing and Urban Affairs regarding the overall development plan for the Parsons Creek land in Fort McMurray by considering:

- Dedication of lands for specific-purpose use, including market rental housing and commercial needs;
- Servicing of land;
- Release of serviced land parcels;
- Affordable housing;
- Social infrastructure;
- Cost implications, including use of surplus funds (profits);
- Collaboration with other housing organizations; and
- Engagement of the community, including the Aboriginal communities, faith-based organizations and other stakeholders and service providers.

The goal is to have serviced land available in the Parsons Creek area for sale to developers and builders when needed.

Performance Measure Summary Table

In the current year the Office of the Auditor General conducted an audit of Housing and Urban Affairs' performance measure, as indicated in the Government of Alberta's 2010-11 *Measuring Up* report. This measure was selected for audit by ministry management based on the following criteria established by government:

- Ensuring a measure that best represents the goal and mandated initiatives;
- Measure that has well established methodology and data reporting; and
- Measure that has outcomes over which the government had a greater degree of influence.

Core Business/Goal/Performance Measure	Prior Years' Results 2007-08	2008-09	2009-10	Target 2010-11	Current Actual 2010-11
Provide a range of housing options and supports for low-income Albertans					
1 Albertans in need have access to a range of safe and affordable housing options and supports					
1a. Number of affordable housing units approved for development.	2,686	2,842	3,329	**1,585**	1,936

Note: This measure is also included in Measuring Up 2010-11 Goal 6. Data for this measure for years 2009-10 and 2010-11 was audited by the Auditor General as indicated in the Measuring Up Auditor's Report. Wording has been updated to reflect the nature of this measure from the Ministry's 2010-2013 Business Plan and is reflected in Budget 2011.

Methodology

Through the development of partnerships, the reporting of housing units includes funding up to 70 per cent of the costs relating to the construction of new rental units, purchase/renovation of existing rental accommodation units, development of secondary suites in private dwellings as affordable housing, conversion of non-residential space to residential units, and other identified priorities.

2010-11 results are comprised of the total affordable housing units approved for development with capital funding support from the Housing Capital Initiatives RFP funding. Total affordable housing units include funding committed during the current fiscal year and in any phase of development.

Discussion and Analysis of Results

Core Business 1
Provide a range of housing options and supports for low-income Albertans

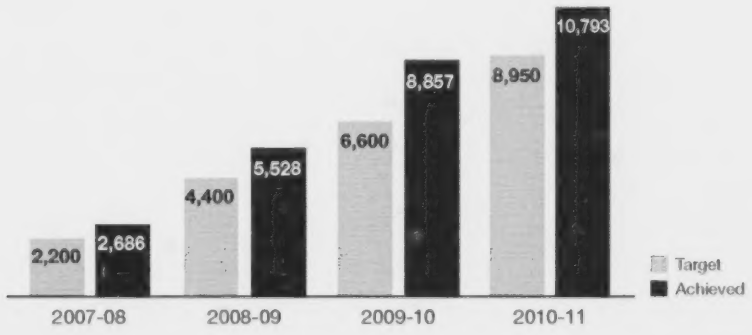
GOAL 1 Linked to Core Business 1 – Provide a range of housing options and supports for low-income Albertans

Albertans in need have access to a range of safe and affordable housing options and supports

Affordable housing continues to be an important issue for Albertans and a top priority of the Government of Alberta. Many Albertans continue to find it a challenge to access housing that is affordable, sustainable and safe. The Government of Alberta remains committed to ensuring that a range of housing options are available for low-income Albertans, including those who are or at risk of becoming homeless. Government capital investments for affordable housing will continue to target high-growth, high-need communities and demographic groups in order to meet current needs and to ensure the Province is well positioned to manage its next phase of growth.

Over the past four years, the Government of Alberta has provided funding to help develop over 10,790 affordable housing units, and is on track to meet the commitment made in 2007 to provide funding to support the development of 11,000 units by 2012. In 2010-11 Government committed capital funds to support the development of 1,936 units in partnership with municipalities, non-profit, and private sector organizations. This included 1,355 units in support of affordable housing for families, individuals, seniors and persons with special needs and 581 units in support of safe housing options for the homeless. Of the over 10,790 affordable housing units supported to date, approximately 2,600 units have been built, another 2,400 units will be completed by March 31, 2012, and the remaining 5,800 units are in various stages of development and will be completed within the next three years.

Total Number of Affordable Housing Units Supported for Development



Capital Initiatives

Housing Capital Initiatives – Request for Proposals (RFP)

A total of $188.31 million, including $38 million of federal funding, was provided through the 2010-11 Housing Capital Initiative to support the development of affordable housing for low-income families and homeless Albertans. The funding was made available to prospective partners through an open and competitive request for proposals (RFP) process, which promoted mixed-use development projects that integrate affordable housing, housing for the homeless and market housing. This process also gives preference to developments that do not contribute to over concentration of social or lower-income housing within any single community or neighbourhood in any municipality.

The Housing Capital Initiative leverages private dollars with taxpayers' money through community partnerships, which allows more units to be built. It also allows for projects to be tailored to meet the unique housing challenges of individual communities. Through this partnering approach, the average grant from government is approximately $100,000 per unit, representing about half the average per unit cost of new construction.

Supporting Home Ownership

Alberta is the largest single contributor to Habitat for Humanity in Canada. Over the past two years, Alberta has contributed $22 million to support the development of 280 Habitat for Humanity Homes. In 2010-11, Housing and Urban Affairs invested $15 million to help Habitat for Humanity build affordable housing in Calgary, Edmonton, Brooks, Camrose, Lethbridge, Olds, Red Deer, Lloydminster and the South Peace area. As a result, in 2010-11, 204 Alberta families will become home owners, accessing affordable housing and building equity for the future.

Housing Capital Grant Allocation

The Ministry approved 40 applications through the RFP process, supporting the development of 1,936 affordable housing units ranging from bachelor to three-bedrooms in size. Twenty-six of these projects incorporate at least one neighbourhood revitalization component to enhance existing neighbourhood resources, support economic development and provide public services through amenities like outdoor play spaces and afterschool programs.

In support of the Government of Alberta's goal to end homelessness by 2019 and the commitment to provide permanent housing and outreach support for the homeless, 1,936 affordable housing units were committed to, with 581 affordable housing units being dedicated for the homeless. Applications supported municipalities with an approved multi-year plan to end homelessness.

About 32 per cent of the capital funding provided for affordable housing in 2010-11 was to support the development of housing units for seniors. Alberta's seniors also have access to rent assistance programs, which are key elements of Alberta's plan to prevent and end homelessness.

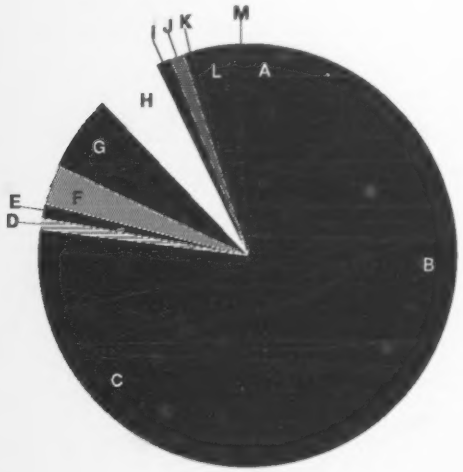
Funding to support the development of affordable housing is provided based upon the recipients meeting conditions in their grant funding agreement. The following organizations received funding to develop affordable housing and/or housing for the homeless in 2010-11:

Organization	Community	Affordable Housing Units	Housing for the Homeless Units	Funding Committed
Arise Housing Services Inc.	Calgary	–	11	$1,240,891
Bethany Care Society	Calgary	42	8	$6,555,000
BPCL Holdings Inc. (Boardwalk)	Calgary	54	–	$7,609,247
Bridge Attainable Housing Society	Calgary	36	–	$1,497,141
Calgary Alpha House Society	Calgary	–	20	$1,611,680
Calgary Dream Centre	Calgary	–	67	$3,668,210
Calgary Dream Centre	Calgary	35	15	$2,660,000
Calgary Habitat for Humanity Society / Trico Homes Inc.	Calgary	60	–	$2,700,000
Calgary Homeless Foundation	Calgary	–	150	$16,800,000
Horizon Housing Society	Calgary	50	10	$5,928,313
Momentum Community Economic Development Society	Calgary	30	–	$300,000
Oxford House Foundation of Canada	Calgary	–	5	$350,000
Victory Foundation	Calgary	–	10	$438,646
BCM Developments Ltd.	Edmonton	40	20	$4,097,825
Christopher James Financial Ltd.	Edmonton	43	15	$6,214,738
Habitat for Humanity – Edmonton Society	Edmonton	16	–	$1,360,000
Highstreet Ventures Inc.	Edmonton	12	–	$1,480,618
Edmonton Inner City Housing Society	Edmonton	–	4	$778,748
Jesus Place Drop-In Centre Society (o/a Jasper Place Health & Wellness Centre)	Edmonton	–	30	$4,192,851
Edmonton Inner City Housing Society	Edmonton	–	14	$1,938,174
1560392 Alberta Ltd. (Integrated Management & Realty Ltd.)	Edmonton	–	100	$7,350,000
852016 Alberta Ltd.	Innisfail	16	–	$1,639,771
Green Acres Foundation	Lethbridge	30	–	$2,263,773
Hafso Investments Ltd.	Red Deer	23	–	$1,349,298
Habitat for Humanity – Alberta Caucus	Rural	128	–	$11,473,290
852016 Alberta Ltd.	Sundre	16	–	$1,740,391
Studios Alberta Ltd.	Three Hills	18	–	$937,872
Village of Wabamun	Wabamun	6	–	$608,237
Unannounced projects*		700	102	$ 89,525,286
Total		**1,355**	**581**	**$188,310,000**

*An additional 802 units throughout the province with a total commitment of $89,525,286, including a portion of the $38 million of federal funding, has been committed to.

The following pie chart provides a percentage breakdown of Housing and Urban Affairs' 2010-11 committed funding for Capital Initiatives by Community.

Funding by Community



A = Beaumont (3%)
B = Calgary (44%)
C = Edmonton (30%)
D = Innisfail (1%)
E = Lethbridge (1%)
F = Red Deer (3%)
G = Rural (6%)
H = Spruce Grove (5%)
I = Sundre (1%)
J = Three Hills (1%)
K = Wabamun (1%)
L = Wetaskiwin (3%)
M = Whitecourt (1%)

Visit www.housing.alberta.ca for more information.

In 2007, the Province made a commitment to develop 11,000 affordable housing units. Projects approved for development include units targeted to Albertans with special needs, seniors, families and individuals, as well as affordable housing units for homeless individuals to support Alberta's 10 year plan to end homelessness. To date the Ministry has provided affordable housing units for 717 Albertans with special needs, 1,331 seniors, 7,190 families and individuals and 1,555 units targeted to formerly homeless individuals.

Housing Assistance Programs

Each month over 77,000 Albertans in need receive help with their housing costs through rent supplements or government-owned and supported social housing. Housing and Urban Affairs provided approximately $120 million in operating funding to support safe, secure and affordable housing for low-income families, seniors, individuals, and persons with special needs. This includes support for the operation of over 26,500 social housing units and approximately 14,000 privately owned rent supplement units.

Rent Support

Although vacancy rates and housing supply have increased in Alberta, housing affordability continues to be a challenge for many Albertans. In 2010-11, the Ministry provided $75.3 million in funding for rent support programs to help low-income households obtain and maintain affordable and suitable rental accommodation by subsidizing rents in eligible privately-owned rental units. Over 14,000 households, or about 24,000 Albertans, received government assistance with their rent payments each month either directly or through agreements with landlords.

In accordance with the Rent Supplement Regulation, the administration and review of rental subsidies is the responsibility of Housing Management Bodies (HMBs) located throughout the province. Assistance is provided first to households in greatest need, as determined by income, assets, number of dependants and current housing conditions. Highest need households typically include families with children who are living in unsafe and inappropriate housing. Rent support programs administered by HMBs include:

- **Direct to Tenant Rent Supplement (DTRS)**
  The program provides subsidies directly to high-need eligible applicants based on the difference between market rent and 30 per cent of the applicant's total household income, to a maximum subsidy established by the Housing Management Bodies (HMBs). In total, $45.4 million was provided directly to about 9,100 households, including clients who were transitioned from the Homeless and Eviction Prevention Fund and are now being assisted under this program.

- **Private Landlord Rent Supplement (PLRS)**
  Under the PLRS, HMBs enter into agreements directly with private landlords to provide a rent supplement that is based on the difference between market rent, and the amount eligible tenants pay based upon 30 per cent of their household income. In 2010-11, the Ministry provided $23.8 million to HMBs to assist over 4,900 high-need households through this program.

Special Needs Housing

Government provides housing support for Albertans with disabilities or special needs in communities across the province. In 2010-11, the Ministry of Housing and Urban Affairs provided $7.7 million in funding for Albertans with special needs including, $5.1 million in funding for approximately 1,617 housing units for Albertans with special needs and $2.6 million in capital grants for renovation and repair. These units serve people with special physical, social or mental needs; addictions; and victims of violence. On-site support and outreach services are provided by private non-profit and public organizations.

Other Housing Grants

The Ministry provided $830,000, including $500,000 in funding from Alberta Infrastructure through the Capital Emergent Projects Program, for additional housing grants as follows:

- $180,000 for registry service costs;
- $150,000 for an annual grant to the Métis Nation of Alberta for special projects funding; and
- $500,000 for a student housing project at Portage College in St. Paul, Alberta.

Social Housing Portfolio

To ensure Albertans in need continue to have access to safe and affordable housing, the Alberta Government owns or supports over 26,500 social housing units in over 1,100 sites across Alberta and provided $39.5 million in operating funding. Most of these units are over 30 years old and require various renovations and repairs.

Over the past two years, the Alberta government invested over $45 million to complete many of the renovations and repairs required to maintain its social housing portfolio. Matching federal funds provided by Canada Mortgage and Housing Corporation under Canada's Economic Action Plan, which ended on March 31, 2011, brought the two-year total to over $90 million. The $45 million in retrofit funding provided to Housing Management Bodies in 2010-11 supported the upgrading of nearly 700 projects including repairs or replacements of major building components such as roofs, windows, heating, and plumbing.

Seniors Housing

By 2031, it is projected that about one in five Albertans will be a senior, compared to one in 10 in 2008. The magnitude of this demographic shift will have significant impact on public services, including the provision of affordable housing. Making it possible for Alberta seniors to 'age in the right place' is critical, and their needs range from people who can live independently with only some financial help to those who now or in time, will require an increasing level of support.

Through Housing and Urban Affairs, the Alberta government owns 14,250 housing units that make it possible for more than 15,000 low-income seniors to continue to live independently. The Ministry also provides advisory services to Housing Management Bodies for the close to 10,000 lodge and cottage units that many of Alberta's seniors call home.

Housing and Urban Affairs is also working with Alberta Health and Wellness and other ministries to support the Government's *Continuing Care Strategy* to ensure that the affordable housing needs of low-income seniors are, and will be, adequately met.

Performance Measure Framework

In addition to measuring progress towards the goal of supporting the development of 11,000 affordable housing units by 2012, Housing and Urban Affairs is establishing a new Performance Measure Framework to assess and report progress. Work is underway to establish the methodology, data requirements, and process for gathering baseline data for two new business plan performance measures and the supporting internal indicators. The two new performance measures for the Ministry's 2011-2014 business plan are:

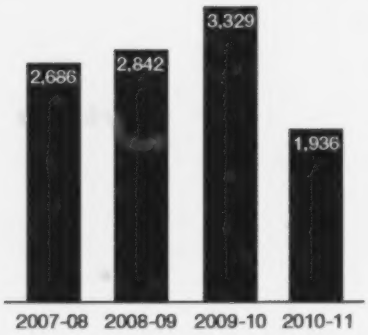
- Effectiveness of the Housing First program *as measured by the percentage of Albertans in the Housing First program who remain housed for at least 12 months;* and
- Land Availability *as measured by the number of acres of land in the Regional Municipality of Wood Buffalo available for release to developers or builders.*

Performance Measure 1a –
Number of affordable housing units approved for development

There is a shortage of affordable housing in Alberta's high-growth, high-need communities in both rural and urban municipalities. Housing and Urban Affairs' strategy is to provide funding and develop partnerships through capital initiatives to increase the supply of sustainable, affordable housing for low-to moderate-income families, individuals, seniors who are functionally independent, persons with special needs, and homeless individuals. Progress towards this goal is measured by tracking the number of affordable housing units approved for development.

$188.31 million in funding was available through the 2010-11 Housing Capital Initiatives Request for Proposals (RFP), including $38 million of federal funding. Any municipality, private sector, or non-profit organization was eligible to apply based upon the established program criteria.

Number of Affordable Housing Units Approved for Development[1]



Source: Housing and Urban Affairs

This measure is comprised of the total affordable housing units approved for development from a variety of housing programs.

The 2010-11 calculation of units is based on total affordable housing units approved for development with capital funding support from the Housing Capital Initiatives Request for Proposals (RFP) Funding.

The 2009-10 revised results were calculated in the same manner as the above with the exception of updated housing plans submitted by municipalities for the Affordable Housing Municipal Block Funding Program, approved funding under the Affordable Housing Program RFP and approved funding under the Housing for the Homeless Program RFP. The results do not include rent supplement units supported with block funding.

The 2008-09 results of 2,842 units were based on approved or updated housing plans submitted by municipalities under the Affordable Housing Municipal Block Funding Program, approved funding under the Affordable Housing Program RFP and approved funding under the Wood Buffalo Housing Initiative. The figures do not include rent supplement units supported with block funding.

The 2007-08 results of 2,686 units were based upon approved or updated housing plans submitted by municipalities under the Affordable Housing Municipal Block Funding Program, approved funding under the Affordable Housing Program RFP, and approved funding under the Wood Buffalo Housing Initiative. The figures do not include rent supplement units supported with block funding.

This presentation is based on the most recent information available. The results are updated when new information becomes available. This updated presentation is based on approved and updated housing plans as at March 31, 2011.

[1]Total affordable housing units include funding committed during the fiscal year and in any phase of development. Wording has been updated to reflect the nature of this measure from the Ministry's 2010-2013 Business Plan and is reflected in Budget 2011.

	Percentage Breakdown of Funding Allocated by Number of Units		
	15-50%	51-70%	Total
2010-11			
Housing Capital Initiatives	420	1,516	1,936
2009-10			
Affordable Housing and Housing for the Homeless Programs	402	1,497	1,899
Municipal Block Funding*	–	–	1,430

The Affordable Housing and Housing for the Homeless Programs were renamed in 2010-11 to Housing Capital Initiatives.

*Municipal Block Funding was committed with respect to 1,430 units in 2009-10. The determination of the extent of costs per unit to be funded with Municipal Block Funding was made by the respective municipalities and is not presented in the above table as the % of costs per unit funded was not available to the Ministry.

Core Business 2
Address homelessness

GOAL 2 Linked to Core Business 2 – Address homelessness

Homeless Albertans have access to stable housing and the supports they need to reach their highest levels of independence

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In March 2009, *A Plan for Alberta: Ending Homelessness in 10 Years* became Canada's first provincial 10-year Plan to end homelessness. To achieve this goal, Housing and Urban Affairs adopted the *Housing First* approach to address homelessness. This approach helps homeless individuals manage the underlying causes of their homelessness and take steps towards independence from the security of a place to call home. Support services may include intensive medical, psychiatric and case management services including life skills training, landlord liaison assistance or addictions counselling. Research indicates the cost to support a chronically homeless person with emergency medical, social, and other support services is about three times the cost to house a person under the Housing First approach.

In 2010-11, $58.2 million was allocated to support the development of 581 units for the homeless, bringing the total for the first two years of the Plan to approximately 1,550 new units. An additional $41.3 million was allocated for outreach and support services that may involve intensive medical, psychiatric, and case management services, which help people resolve the underlying causes of their homelessness and help them remain housed. Housing and Urban Affairs has implemented outcome-based funding agreements with community-based organizations and provincially-funded shelters as part of the 10-year Plan to have evidence-based, measurable outcomes (Strategy #4).

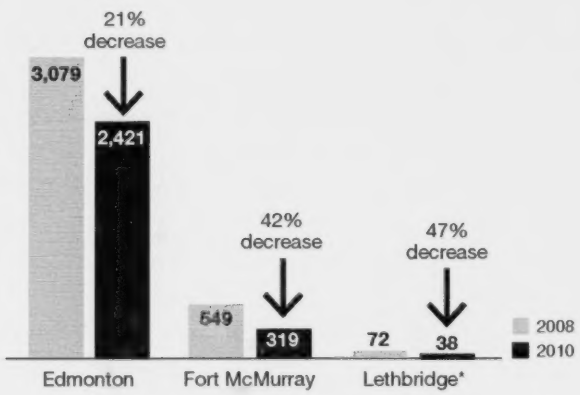
The path to ending homelessness by 2019 includes removing obstacles that keep people from becoming full participants in Alberta society and living independent lives. In 2010, Housing and Urban Affairs and Service Alberta collaborated to eliminate the two biggest barriers that homeless people face when trying to obtain personal identification: verifying identity and having an address. Through this low-cost, high-impact service homeless Albertans can now access government-issued ID cards through an Alberta registry office. The Ministry has trained staff in government-funded shelters and homeless services agencies in all seven major Alberta cities on how to help homeless people obtain ID. In total, over 70 organizations and 260 service providers have requested and received training.

10-year Plan to End Homelessness

A Plan for Alberta: Ending Homelessness in 10 Years has received national recognition, including the 2010 Gold Award for Innovative Management from the Institute of Public Administration of Canada (IPAC). All seven major centres in Alberta (Calgary, Edmonton, Grande Prairie, Lethbridge, Medicine Hat, Red Deer, and the Regional Municipality of Wood Buffalo) have multi-year plans to end homelessness, which are aligned with the provincial plan.

In only the second year of implementation of the Plan, all seven cities are seeing reduced shelter usage. Of the three cities that undertook homeless counts, the graph below illustrates a reduction in the number of homeless Albertans from 2008 to 2010.

Homeless Counts



*Absolute homeless in Lethbridge are people who may be sleeping "rough" on the street, in a stairwell, or campsite.

Other indicators of early success include:

- Over 3,500 formerly homeless people now housed which exceeds the target of 2,000 people; and
- More than 500 formerly homeless people have reached a point where they may only need some help to pay for part of their rent.

In addition, Housing and Urban Affairs worked with community-based organizations in the seven major centres to launch a web-based reporting system which allows real time reporting on homelessness across the province. The new electronic system is also being piloted with five shelters, two in Edmonton, and one each in Lethbridge, Red Deer and Grande Prairie.

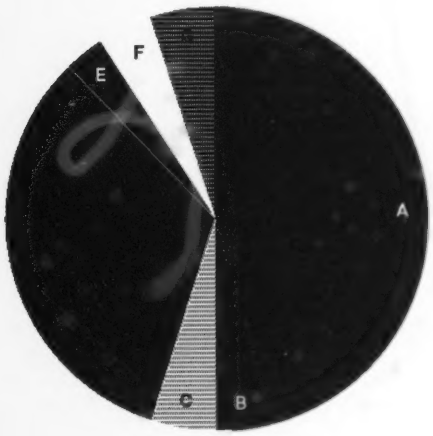
In support of the strategies identified in *A Plan for Alberta: Ending Homelessness in 10 Years*, the Alberta Secretariat for Action on Homelessness launched the Alberta Homelessness Research Consortium to increase the extent that research is incorporated into implementation efforts. In this first year of operations, the Consortium completed an environmental scan of homelessness-related research, expertise and initiatives, and used it to develop a provincial homelessness research agenda that addresses shared research priorities among implementation partner agencies, community-based organizations and Alberta government ministries.

Housing and Support Services for the Homeless

Housing and Urban Affairs worked with community-based organizations to ensure homeless Albertans who were provided with housing received the outreach and support services required to enable them to maintain their housing. The services are unique to each client and may range from, or include a mixture of, mental health services, addictions counseling, liaising with landlords or life skills development.

Each community-based organization is required to submit a Service Delivery Plan to be eligible for funding. All seven cities' plans align with *A Plan for Alberta: Ending Homelessness in 10 Years*. Outreach and support funding of $41.3 million to community-based organizations was provided, including $100,000 for support to the 10-year Plan.

Outreach and Support Funding



A = Calgary Homeless Foundation* ($19,140,000)
B = City of Grande Prairie ($1,660,000)
C = City of Red Deer ($2,060,000)
D = Edmonton Homeward Trust ($13,500,000)
E = Lethbridge Social Housing in Action ($1,360,000)
F = Medicine Hat Community Housing Agency ($1,620,000)
G = Regional Municipality of Wood Buffalo ($1,860,000)

TOTAL = $41,200,000

**$2.4 million was allocated to Safe Communities Pathways to Housing-Corrections*

Emergency Shelters

The *Housing First* approach recognizes that while emergency shelters are not a long-term housing option for those who are homeless, there will always be Albertans in need of short-term emergency shelter. In 2010-11, the Ministry provided approximately $41 million to fund 3,667 emergency shelter spaces in 30 facilities in nine Alberta communities, which includes 199 for winter emergency response. Funding allocation is based on shelter space usage in the community, which is monitored daily. As *Housing First* programs help more homeless Albertans get-and keep-housing, the Alberta government anticipates the demand on shelters will be reduced.

The following table provides a breakdown of Provincial support for shelters in 2010-11:

2010-11 Provincial Support for Shelters

Community	Number of Facilities	Spaces Provided	Funding
Calgary	10	2,119	$24,606,236
Edmonton	10	950	$9,557,032
Fort McMurray	2	132	$2,347,340
Grande Prairie	2	79	$452,378
High Level	1	20	$221,031
Lethbridge	2	95	$1,400,000
Lloydminster	1	20	$153,856
Medicine Hat	1	30	$355,000
Red Deer	1	23	$285,936
Total	**30**	**3,468**	**$39,378,809**

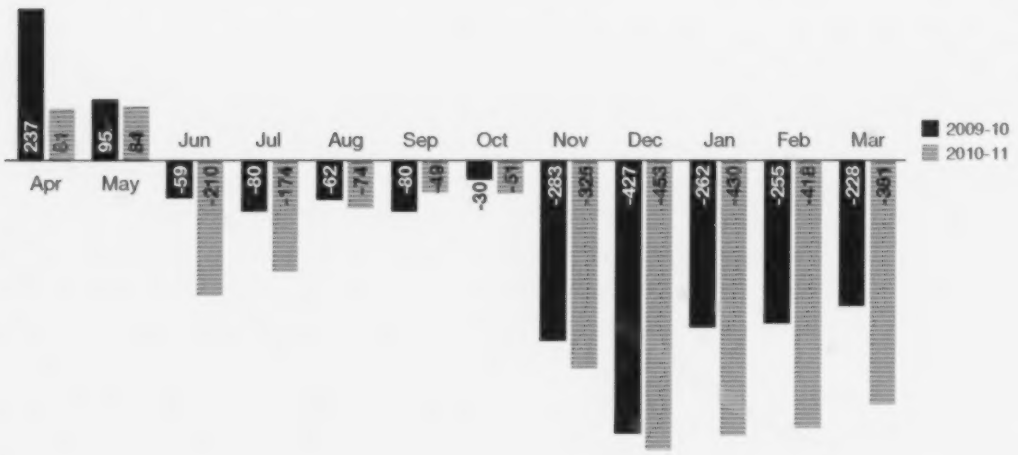
Housing and Urban Affairs works with shelter operators and community-based agencies across Alberta to monitor demand and ensure that extra shelter spaces are available in winter. In 2010-11, the Ministry approved $1.57 million in winter emergency response funding to support the operation of additional winter emergency shelter spaces from November 1, 2010 to April 30, 2011. An additional 199 winter emergency spaces were approved for 2010-11. Reflecting lower homeless counts, this is a decrease of 174 spaces from the previous year. Funding to communities was allotted as follows:

Community	Spaces Provided	Funding
Calgary	154	$1,011,500
Edmonton	0	$162,013
Grande Prairie	20	$161,611
Medicine Hat	0	$125,370
Red Deer	25	$110,680
Total	**199**	**$1,571,174**

Edmonton and Medicine Hat had sufficient shelter spaces to meet demand without additional winter spaces needed. In the two cities, emergency response funding was required for outreach, transportation and staffing costs.

As shown in the chart below, based on a year-over-year, monthly comparison, using 2008 actual shelter spaces, shelter usage was reduced in 2009 and continued this downward trend in 2010. For example, in March 2011, 153 fewer shelter spaces were utilized than at the same time in 2010 and there were 381 fewer spaces at this time compared to March, 2008.

Year-over-Year Client Usage of Housing and Urban Affairs' Funded Shelter Spaces



Shelter usage has declined 5.6 per cent so far with the Housing First approach.

Alberta Supports

Housing and Urban Affairs participates in the *Alberta Supports* initiative, a new provincial service designed to make it less complicated for Albertans to find information about programs and services, which is led by Alberta Seniors and Community Supports.

An *Alberta Supports* Contact Centre and website (1-877-644-9992 toll-free in Alberta or www.albertasupports.ca) have been launched to assist Albertans in need to obtain social-based support including services related to career training, income support, disabilities, seniors, homelessness, abuse and bullying, and children and youth. Through this cross-ministry initiative, it is now more convenient for low-income and homeless Albertans to access information, advice, programs and services.

Safe Communities

The Ministry is one of nine Government ministries and non-governmental partners working together to address the impacts of crime on communities through the *Safe Communities Initiative* (*SafeCom*). Housing and Urban Affairs' efforts to address homelessness and increase access to safe and affordable housing play a significant role in improving the quality of life for Albertans and represent an investment in crime prevention.

Ending homelessness in Alberta requires opening the doors for people to access programs and services that will help them become more self-sufficient. For some people, this means helping them to successfully transition back into the community after a period of hospitalization, in-patient treatment for addictions, or discharge from the justice system. To improve connections between Government of Alberta programs, the homeless-serving system and discharge practices for homeless and low-income Albertans, the Discharge Planning for Homeless Albertans Cross-Government Committee, co-chaired by Housing and Urban Affairs and Alberta Health Services has been established.

The first *Housing First* project launched in Alberta, *Pathways to Housing*, includes a Corrections Diversion Program which uses a multi-disciplinary team of professionals to help re-house homeless individuals released from correctional facilities. Housing and Urban Affairs provided $2.4 million in 2010-11 through the Calgary Housing Foundation for the Calgary-based Alexandra Community Health Centre's Pathways to Housing Corrections Diversion Program.

Pathways to Housing

Since the start of the Pathways to Housing Corrections Diversion Program at Alexandra Community Health Centre, there has been a 67 per cent decrease in clients having contact with the Calgary Police Service, and a 37 per cent reduction in dealing with EMS, and 94 per cent of clients have retained housing. The Pathways approach allows police to focus on addressing criminal activity instead.

Core Business 3
Identify and address unique issues affecting urban centres

GOAL 3 Linked to Core Business 3 – Identify and address unique issues affecting urban centres

Pressures related to housing and homelessness, including availability and access to suitable Government of Alberta owned land for development or redevelopment purposes, are effectively managed

Housing is a key determinant of Albertans' economic, physical and social well-being, and a fundamental building block for healthy, safe and sustainable communities. The unique issues faced by Alberta urban centres, particularly in relation to housing and homelessness, are a key focus for the Ministry.

Parsons Creek Land Development – Fort McMurray

Building for the future includes preparing for future growth, and in the Fort McMurray and the Athabasca Oil Sands region, this means making more serviced land available for developers to build homes. The Ministry is leading the work to make more land available through the development of a new community of 1,000 acres in Parsons Creek, with a goal of having a two-year land supply available at any time. When fully developed, Parsons Creek will be home to 24,000 residents and 8,000 homes. Thirteen per cent of the overall development, of all phases, will be designated as affordable housing, with 20 per cent of Phase I designated as affordable housing.

Since 2009, the Province has committed $166 million for the residential development of Parsons Creek. On May 25, 2010, the Parsons Creek Urban Design Plan, the Parsons Creek Outline Plan, and the Land-Use Bylaw received approval from the Regional Municipality of Wood Buffalo Council, enabling site preparation and servicing to move forward. In January 2011, approximately 135 acres of serviced residential land in Parsons Creek was released for sale to developers, a full year ahead of schedule. The development of Parsons Creek is unique as all proceeds from the sale of land will be reinvested in social infrastructure such as schools, transportation upgrades, and affordable housing.

To help make housing in the area more affordable, provincial funding was provided from 2007 to 2009 to Wood Buffalo Housing Development Corporation to build 600 affordable housing units (on land that was previously sold by Housing and Urban Affairs).

Crown and Surplus Lands

The Regional Municipality of Wood Buffalo, in which Fort McMurray is located, is not the only Alberta community to face a shortage of available land, particularly land for the development of housing for low-income citizens. In support of the Government of Alberta Land Disbursement Policy Framework for Affordable Housing, Housing and Urban Affairs participated in cross-ministry initiatives involving Alberta Infrastructure and Alberta Sustainable Resource Development with consideration to releasing provincially owned lands for development of affordable housing projects.

Nominal sum dispositions transferred Alberta Social Housing Corporation (ASHC) assets to support the development of new affordable housing units. While this program was suspended in 2009-10, the government approved two nominal sum dispositions, which reflect commitments made prior to the suspension of the program. First was the transfer of the Phase I Columbus Manor / Columbus village site to Bishop O'Byrne Housing for Seniors Association for the development of a senior's affordable housing and housing for the homeless project. Secondly, the Pembina Lodge and cottage units were transferred to the Westlock Foundation to create additional supportive housing spaces for seniors.

Urban Affairs

Housing and Urban Affairs works closely with municipalities, other ministries and stakeholders to coordinate program policy development to address urban social issues and capacity building specific to address housing and homelessness-related issues. For example, the Ministry participates as a member of the Capital Region Board's Housing Committee to ensure there is sufficient supply, choice, and diversity of housing within the Capital Region.

The Ministry works in partnership with Employment and Immigration to deliver outreach support services and employment and training supports to low-income Albertans living in community housing through the *Housing Works* program. Program guidelines were developed and shared with five Housing Management Bodies from across Alberta who will pilot the program starting in 2011.

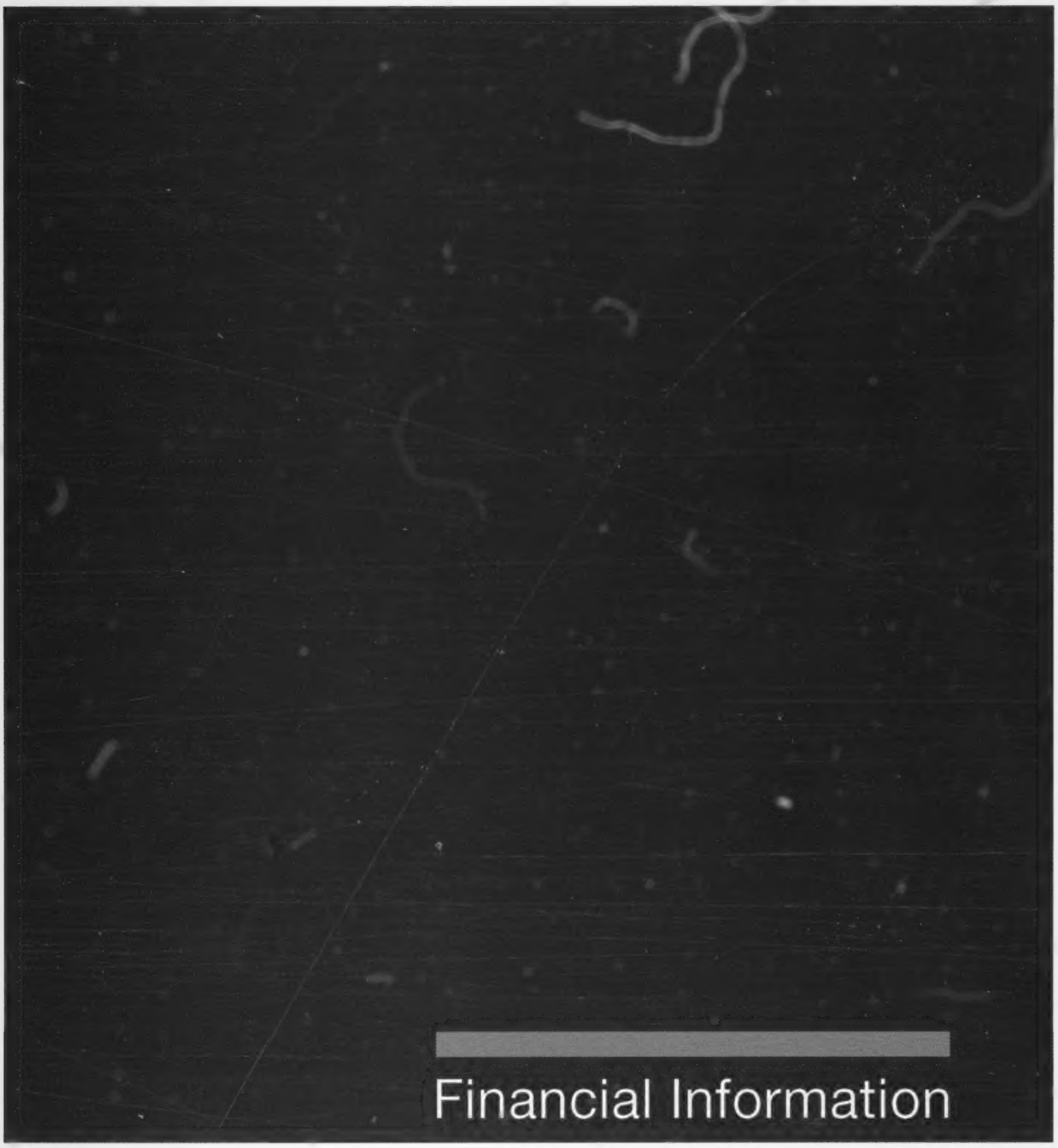
Housing and Urban Affairs chairs a Cross-Ministry Assistant Deputy Minister Committee on Affordable Housing and Homelessness to develop strategic policy. A Deputy Minister's Stakeholder Network was established to formally engage the Ministry's key external stakeholders on an ongoing basis on a broad array of program and policy issues. The Network's inaugural meeting was held in May 2010 and a second meeting was held in October 2010.

The Ministry publishes the *Housing Starts Here* newsletter to keep Albertans informed about results achieved on major strategies and to create a better understanding of housing supports for lower-income Albertans. Housing and Urban Affairs also produces a monthly *Housing Market Bulletin* with data and trends related to Alberta's real estate, home construction, rental market and general economic indicators. Both publications are available on the Ministry's website at www.housing.alberta.ca.

Ministry Expense by Function

For the year ended March 31, 2011
(in thousands)

	2010-11 Budget (Estimates)	2010-11 Actual	2009-10 Actual (Restated)
Regional Planning	$ 7,977	$ 7,753	$ 7,709
Housing	289,266	328,776	407,584
Social Services	193,527	153,673	185,419
Debt Servicing Costs	17,453	17,451	18,968
General Government	–	500	353
	$ 508,223	$ 508,153	$ 620,033



Financial Information

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Ministry of Housing and Urban Affairs
consolidated financial statements

Independent Auditor's Report

AUDITOR GENERAL *Alberta*

To the Members of the Legislative Assembly

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Ministry of Housing and Urban Affairs, which comprise the consolidated statement of financial position as at March 31, 2011 and the consolidated statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Ministry as at March 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, CA]

Auditor General

June 8, 2011

Edmonton, Alberta

Consolidated Statement of Operations

Year ended March 31, 2011
(in thousands)

	2011		2010
	Budget (Schedule 3)	Actual	Actual (Restated - Note 2d)
Revenues (Schedule 1)			
Internal Government Transfers	$ -	$ 459	$ -
Transfers from the Government of Canada	135,790	137,464	138,649
Investment Income	2,030	2,642	2,281
Other Revenue	6,200	26,343	17,324
	144,020	166,908	158,254
Expenses - Directly Incurred (Note 2c and Schedule 5)			
Voted (Schedule 2)			
Ministry Support Services	5,746	5,692	5,464
Housing Development and Operations	174,038	222,188	286,730
Homeless Support and Land Development	189,194	146,557	180,225
Policy and Urban Affairs	2,231	2,142	2,114
	371,209	376,579	474,533
Statutory (Schedule 2)			
Alberta Social Housing Corporation	119,551	114,217	126,397
Debt Servicing Costs	17,453	17,451	18,968
	137,004	131,668	145,365
Valuation Adjustments			
Provision for Losses on Guarantees, Indemnities and Mortgages	10	(13)	4
Provision for Vacation Pay	-	(81)	131
	10	(94)	135
	508,223	508,153	620,033
Gain on Disposal of Tangible Capital Assets	4,564	6,326	7,337
Net Operating Results	$ (359,639)	$ (334,919)	$ (454,442)

The accompanying notes and schedules are part of these financial statements.

Consolidated Statement of Financial Position

Year ended March 31, 2011
(in thousands)

	2011	2010 (Restated - Note 2d)
Assets		
Cash (Note 3)	$ 265,014	$ 255,667
Accounts Receivable (Note 4)	87,272	99,573
Prepaid Expenses	97	-
Inventory (Note 5)	26,523	-
Loans and Advances (Note 6)	7,715	3,161
Deferred Financing Charges	379	515
Tangible Capital Assets (Note 7)	620,716	627,064
	$ 1,007,716	$ 985,980
Liabilities		
Accounts Payable	$ 3,925	$ 3,781
Accrued Liabilities	481,475	495,144
Accrued Interest Payable	2,072	2,172
Allowance for Losses on Guarantees and Indemnities (Note 8)	6	18
Long-Term Debt (Note 9)	228,527	253,912
	716,005	755,027
Net Assets		
Net Assets at Beginning of Year	230,953	266,294
Net Operating Results	(334,919)	(454,442)
Net Financing Provided from General Revenues	395,677	419,101
Net Assets at End of Year	291,711	230,953
	$ 1,007,716	$ 985,980

The accompanying notes and schedules are part of these financial statements.

Consolidated Statement of Cash Flows

Year ended March 31, 2011
(in thousands)

	2011	2010 (Restated - Note 2d)
Operating Transactions		
Net Operating Results	$ (334,919)	$ (454,442)
Non-cash items included in Net Operating Results		
Amortization of Tangible Capital Assets	23,201	23,001
Amortization of Deferred Financing Charges	136	153
Grants in Kind	9,190	7,078
Capital Contributions in Kind	(18,215)	(9,457)
Gain on Disposal of Tangible Capital Assets	(6,326)	(7,337)
Valuation Adjustments	(93)	135
	(327,026)	(440,869)
Changes in Working Capital (Before Valuation Adjustments)		
Decrease (Increase) in Accounts Receivable	12,299	(54,112)
Increase in Prepaid Expenses	(97)	-
Increase in Inventory	(21,177)	-
(Increase) Decrease in Loans and Advances	(4,553)	1,837
Increase (Decrease) in Accounts Payable	130	(2,218)
(Decrease) Increase in Accrued Liabilties	(13,589)	120,127
Decrease in Accrued Interest Payable	(99)	(92)
Cash Applied to Operating Transactions	(354,112)	(375,327)
Capital Transactions		
Acquisition of Tangible Capital Assets	(5,989)	(3,844)
Increase in Work-in-Progress	(1,143)	(443)
Proceeds on Disposal of Tangible Capital Assets	298	2,743
Cash Applied to Capital Transactions	(6,834)	(1,544)
Financing Transactions		
Repayment of Long-Term Debt	(25,384)	(23,891)
Net Financing Provided from General Revenues	395,677	419,101
Cash Provided by Financing Transactions	370,293	395,210
Increase in Cash	9,347	18,339
Cash, Beginning of Year	255,667	237,328
Cash, End of Year	$ 265,014	$ 255,667

The accompanying notes and schedules are part of these financial statements.

Notes to the Consolidated Financial Statements

Year Ended March 31, 2011

Note 1 Authority and Purpose

The Ministry of Housing and Urban Affairs operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000. The Minister is responsible for the organizations listed in Note 2(a). The authority under which each organization operates is also disclosed in Note 2(a).

The Ministry works in partnership with Alberta's municipalities, other provincial government departments, federal partners, local authorities, various organizations focused on local issues, and the private sector to ensure Albertans live in safe and sustainable communities and are served by open, effective, accountable and well-managed local governments.

This is done by:

- Delivering programs to assist lower-income Albertans in meeting their housing needs.
- Promoting strong and vibrant communities.
- Developing affordable housing units.
- Implementing a 10-year plan to address homelessness.
- Helping Albertans stay in their homes.
- Making additional public land available for affordable housing purposes.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with Canadian public sector accounting standards.

(a) Reporting Entity

The reporting entity is the Ministry of Housing and Urban Affairs, for which the Minister of Housing and Urban Affairs is accountable. Other entities reporting to the Minister are the Department of Housing and Urban Affairs and the Alberta Social Housing Corporation (the Corporation). The activities of these organizations are included in these consolidated financial statements.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance and Enterprise. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net financing from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Consolidation

The accounts of the Department of Housing and Urban Affairs and the Corporation have been consolidated. Revenue and expense transactions, investing and financing transactions, and related asset and liability accounts between the consolidated organizations were eliminated upon consolidation.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (Cont'd)

(c) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return. Internal government transfers are recognized as revenue when received.

Transfers from Government of Canada

Transfers from Government of Canada are recognized as revenue when authorized by federal legislation or federal/provincial agreements, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made. Overpayments and transfers received before revenue recognition criteria have been met are included in accounts payable and accrued liabilities or unearned revenue.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses such as salaries and supplies etc., directly incurred expenses also include:

- Amortization of tangible capital assets.
- Debt servicing costs.
- Pension costs, which are the cost of employer contributions during the year.
- Valuation adjustments, which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities.

Grant Expense

Grants are recognized as expenses when approved, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

Grants are provided under requests for proposals for Affordable Housing and Housing for the Homeless programs.

Grants under Rent Supplement programs are provided to selected housing providers to administer the programs.

Emergency/Transitional Support grants are provided to shelter operators for projects relating to emergency shelter or transitional/supported housing projects.

Notes to the Consolidated Financial Statements

Year Ended March 31, 2011

Note 2 Summary of Significant Accounting Policies and Reporting Practices (Cont'd)

(c) Basis of Financial Reporting (Cont'd)

Expenses (Cont'd)

Grants (Cont'd)

The Outreach Support Services grants are provided to community-based organizations for initiatives towards the 10-year plan to end homelessness.

Grants under Support to Housing Providers are provided to housing providers to administer housing programs.

Grants in lieu of taxes owing on properties under the Rural and Native Housing Program may be provided by the Ministry on behalf of qualified low income mortgagors.

Incurred by Others

Services contributed by other government entities in support of the Ministry operations are not recognized and are disclosed in Schedule 4 and allocated to programs in Schedule 5.

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Ministry are limited to cash and financial claims, such as advances to and receivables from other organizations and individuals, as well as inventories held for resale.

Loans and advances include mortgages that are reported at cost less provisions for losses, and agreements receivable. Cost of mortgages includes amounts advanced, accrued interest and other charges, less repayments and subsidies. Also included are advances to housing providers to address short-term cash flow needs for specified projects and operating pressures.

Deferred financing charges on debt financing are amortized over the life of the debt on a straight-line basis.

Inventories held for resale relate to land developed for future sale in Parsons Creek, a mixed-use planned housing community in Fort McMurray. Land held for resale, acquired by right from the crown, has been recorded at a nominal sum.

Assets acquired by right are not included. Tangible capital assets of the Ministry are recorded at historical cost and, except land, are amortized on a straight-line basis over the estimated useful lives of the assets. Amortization is only recorded if the asset is in use. All land is capitalized. The threshold for all other tangible capital assets is $5,000. Land originally acquired by right by the Crown and transferred to the Corporation at a nominal sum is capitalized at this transfer amount.

Capitalization begins when the preliminary project stage is completed and management authorizes and commits to the project.

Capital contributions in kind are recorded at their fair value at the time of contribution.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (Cont'd)

(c) Basis of Financial Reporting (Cont'd)

Assets (Cont'd)

When physical assets (tangible capital assets and inventories) are gifted or sold for a nominal sum, the fair values of these physical assets less nominal proceeds or expenses incurred in the sale or disposal process are recorded as grants in kind.

The threshold for capitalizing new systems development is $250,000 and the threshold for major systems enhancements is $100,000. Eligible costs for capitalization include:

- external direct costs of materials and services such as consultant fees (except those relating to business process reengineering),
- costs to acquire software and any custom development,
- salary and related benefits of employees assigned full-time to the project that are directly associated with the application development stage, and
- costs of upgrades that improve the functionality of the system.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in a sacrifice of economic benefits in the future.

Net Assets

Net assets represent the difference between the carrying values of assets held by the Ministry and its liabilities.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and accrued interest payable are estimated to approximate their carrying values because of the short term nature of these instruments. Fair values of loans and advances are not reported due to there being no organized financial market for the instruments and it is not practicable within constraints of timelines or cost to estimate the fair value with sufficient reliability.

Notes to the Consolidated Financial Statements

Year Ended March 31, 2011

Note 2 Summary of Significant Accounting Policies and Reporting Practices (Cont'd)

(c) Basis of Financial Reporting (Cont'd)

Measurement Uncertainty

(in thousands)

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount.

Estimates relating to the determination of the Government of Canada accounts receivable of $67,467 (2010 - $60,702) as disclosed in these consolidated financial statements are subject to measurement uncertainty.

Estimates relating to the determination of the housing providers accounts receivable of $13,099 (2010 - $27,066) as disclosed in these consolidated financial statements are subject to measurement uncertainty.

Insurance recoveries receivable from third party insurers and accounts payable for the repairs of insured property are subject to measurement uncertainty of $2,182 (2010 - $2,140). The uncertainty results from negotiation variations between third party insurers and the Alberta Risk Management Fund regarding claims for the Corporation's property.

(d) Restatement of Prior Year Figures

(in thousands)

Certain 2009-10 comparative figures have been restated to recognize work-in-progress resulting from construction projects funded by the Corporation and developed on Corporation property. The assets and liabilities of the Corporation at the end of 2009-10 were increased by $443, representing the value of the work-in-progress.

Note 3 Cash

Cash and cash equivalents consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta and cash in transit to the General Revenue Fund. CCITF is managed with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2011, securities held in the CCITF have an average time-weighted market yield of 1.1% per annum (2010 – 1.0% per annum).

Notes to the Consolidated Financial Statements

Year Ended March 31, 2011

Note 4 Accounts Receivable

(in thousands)

	2011			2010
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Government of Canada[a]	$ 67,467	$ -	$ 67,467	$ 60,702
Housing Providers[b]	13,099	-	13,099	27,066
Risk Management Insurance[c]	5,574	-	5,574	9,440
Alberta Municipal Affairs[d]	23	-	23	-
Other[e]	2,528	(1,419)	1,109	2,365
	$ 88,691	$ (1,419)	$ 87,272	$ 99,573

(a) Government of Canada accounts receivable are unsecured and non-interest bearing.

(b) Housing Providers' Surplus

The Ministry collected $11,228 of Restricted Operating Reserves which had been recorded as a receivable in the prior fiscal year. The remainder of the balance has been provided as an advance to Housing Providers to assist with short-term cash flow requirements. Cash balances of each housing provider are monitored annually.

(c) Insurance claims for Ministry housing assets.

(d) Receivable related to Emergency Housing Response Project.

(e) Other accounts receivable includes amounts owing from municipalities.

Note 5 Inventory

Land development costs for Parsons Creek were previously recorded as capital additions in 2010. A multi-year plan for future residential development and sale has been approved and implemented in 2010-11. As a result, these costs associated with the land held for resale are now classified as inventory. Future costs of inventory relating to preparation for sales of these lands may also include industrial and commercial land development costs.

Notes to the Consolidated Financial Statements

Year Ended March 31, 2011

Note 6 Loans and Advances

(in thousands)

	2011			2010
	Accrual	Allowance for Losses	Net Realizable Value	Net Realizable Value
Rural and Native [a]	$ 2,182	$ -	$ 2,182	$ 3,137
Housing Providers Reserves [b]	5,128	-	5,128	-
Cash Advances [c]	393	-	393	-
Other Loans and Advances	12	-	12	24
	$ 7,715	$ -	$ 7,715	$ 3,161

a) These mortgages are provided under the Rural and Native Housing program, with payments based on an amortization period of 25 years and five-year interest renewal term.

b) Housing Providers are allocated an operating reserve based on the number of housing units under management in order to address operating cash flow requirements during the year. These cash advances can be collected at any time at the discretion of the Minister. These funds are only to be used for short term cash flow needs and are required to be replenished. Balances are monitored by the Ministry.

c) Cash advances given to housing providers to address short term cash flow requirements resulting from construction projects. Also included is cash flow assistance provided to housing providers managing emergency trailers on behalf of the Ministry.

Note 7 Tangible Capital Assets

(in thousands)

	2011					2010
	Land	Buildings	Equipment [b]	Computer Hardware and Software	Total	Total (Restated - Note 2d)
Estimated useful life	Indefinite	10 - 50 years [a]	10 years	3 years		
Historical Cost						
Beginning of year [c]	$ 119,939	$ 1,091,492	$ 14	$ 701	$ 1,212,146	$ 1,204,033
Additions [c][d]	-	23,761	-	-	23,761	13,743
Additions (Work-in-Progress) [c][d]	-	1,587	-	-	1,587	-
Disposals, including write-downs	(671)	(4,152)	-	-	(4,823)	(5,630)
Reclassification to Inventory [d]	(5,347)	-	-	-	(5,347)	-
	$ 113,921	$ 1,112,688	$ 14	$ 701	$ 1,227,324	$ 1,212,146
Accumulated Amortization						
Beginning of year	$ -	$ 584,580	$ 1	$ 501	$ 585,082	$ 565,237
Amortization expense	-	23,107	1	93	23,201	23,001
Effect of disposals	-	(1,675)	-	-	(1,675)	(3,156)
	$ -	$ 606,012	$ 2	$ 594	$ 606,608	$ 585,082
Net book value at March 31, 2011	$ 113,921	$ 506,676	$ 12	$ 107	$ 620,716	
Net book value at March 31, 2010 [c]	$ 119,939	$ 506,912	$ 13	$ 200		$ 627,064

(a) Seniors and special needs buildings are amortized over 50 years, community housing buildings over 40 to 50 years, and all other buildings over 10 to 25 years.

(b) Equipment includes office equipment, furniture and other equipment.

(c) Additions include buildings ($18,215) originally funded by donations from housing providers and other third parties ($7,611) and prior year government funding from another ministry ($10,604).

(d) Parsons Creek land development capitalized in previous years has been reclassified as inventory to reflect land sales as a business operation of the Ministry. Ministry inventory expenditures have been incurred in preparation and development of Parsons Creek as part of a multi-year plan for future residential development for the initial phase. Later phases may also include industrial and commercial land development costs.

Notes to the Consolidated Financial Statements

Year Ended March 31, 2011

Note 8 Guarantees and Indemnities

(in thousands)

The Ministry has outstanding guarantees that were issued on the sale of certain of its mortgages whereby the Ministry will reimburse mortgagees for any losses that may occur on default by mortgagors. There were no losses reimbursed in 2011 (2010 – nil). Any claims for losses by the mortgagees will be reduced by the amounts realized from the sale of the underlying properties.

Guaranteed amounts, the last of which was guaranteed on March 30, 1994, are as follows:

	2011	2010
Mortgages, on multi-unit rental properties and land, guaranteed to 2011	$ 9,086	$ 10,454

Under the former mobile home loan insurance program, the Ministry has agreed to indemnify losses on mobile home loans issued by financial institutions. The outstanding loans as at March 31, 2011 amount to $68 (2010 - $148). This program was terminated effective October 1, 1993. However, the Ministry has an ongoing commitment on the insurance policies remaining in force.

An allowance for losses has been made on these guarantees and indemnities in the amount of $6 (2010 - $18).

Note 9 Long Term Debt

(in thousands)

The Ministry's long-term debt and exposure to interest rate risk are summarized as follows:

	2011	2010
Canada Mortgage and Housing Corporation [(a)]	$ 70,972	$ 72,763
Alberta Finance and Enterprise [(b)]	157,555	181,149
	$ 228,527	$ 253,912

a) Debentures maturing January 2023 to January 2030, with a weighted average effective rate of 9.650%.

b) Notes payable maturing September 16, 2016, with an effective rate of 5.93%.

The Province of Alberta guarantees the repayment of principal and interest on all borrowings. The debentures, including interest thereon, are repayable in equal annual or semi-annual installments and the note payable is repayable in equal semi-annual installments.

Note 9 Long Term Debt (Cont'd)

(in thousands)

Approximate aggregate repayments of principal in each of the next five years are:

2012	$ 26,973
2013	28,664
2014	30,463
2015	32,377
2016	34,415
Thereafter	75,635
	$ 228,527

Long-term debt has a fair value of $99,774 (2010 - $101,148) for Canada Mortgage and Housing Corporation debentures and $172,108 (2010 - $198,380) for the note payable to Alberta Finance and Enterprise. Fair values for debt are based on the Province of Alberta's current borrowing rates, which are available to the Ministry for debt with similar terms and maturities.

Note 10 Contractual Obligations

(in thousands)

Contractual obligations are obligations of the Ministry that will become liabilities in the future when the terms of those contracts or agreements are met. Grants for housing providers approved for future years have been included as an obligation.

	2011	2010
Obligations under contracts and programs		
Service contracts[a]	$ 18,021	$ 2,778
Long-term leases[b]	38,449	38,644
Obligations under agreements[c]	325,281	336,114
	$ 381,751	$ 377,536

(a) Service contracts for development of Parsons Creek.

(b) The Ministry leases land under various leases for the purpose of providing social housing.

(c) Grants committed for future years.

Notes to the Consolidated Financial Statements

Year Ended March 31, 2011

Note 10 Contractual Obligations (Cont'd)

(in thousands)

Obligations Under Contracts and Programs

Estimated payment requirements for each of the next five years and thereafter are as follows:

	Service contracts	Long-term leases	Agreements	Total
2011-12	$ 17,492	$ 1,347	$ 94,475	$ 113,314
2012-13	529	1,347	18,987	20,863
2013-14	-	1,347	18,820	20,167
2014-15	-	1,347	18,442	19,789
2015-16	-	1,347	18,419	19,766
Thereafter	-	31,714	156,138	187,852
	$ 18,021	$ 38,449	$ 325,281	$ 381,751

Note 11 Contingent Liabilities

(in thousands)

At March 31, 2011, the Ministry is a defendant in nine legal claims (2010 - six claims). These claims have specified amounts totaling $3,181 (2010 – six claims totaling $9,179). The Ministry has been jointly named with other entities in eight legal claims amounting to $2,286 (2010 – five claims amounting to $8,754).

The Alberta Risk Management Fund covers six claims amounting to $1,179 (2010 - three claims amounting to $349).

The resulting loss, if any, from these claims cannot be determined.

Notes to the Consolidated Financial Statements

Year Ended March 31, 2011

Note 12 Trust Funds Under Administration

(in thousands)

The Department administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Ministry's financial statements.

As at March 31, 2011, the following trust funds under administration had balances as follows:

	2011	2010
Provincial Territorial Secretariat Trust	$ 155	$ 58
Gunn Centre Resident Trust Fund	7	7
	$ 162	$ 65

The Ministry of Housing and Urban Affairs served as Chair of the Provincial Territorial Secretariat in 2009-10 and 2010-11. The Ministry was responsible for managing collection of funds from other provinces as dues and disbursements relating to the Ministry's position as Chair. These funds are held in a separate Trust Account and are not an asset of the Government of Alberta.

Note 13 Program Recoveries

The Ministry receives recoveries from Canada Mortgage and Housing Corporation (CMHC) for eligible expenditures under the Federal Economic Stimulus Plan for retrofit and regeneration of social housing, as well as costs eligible under the Operating Agreements with CMHC for rent supplement and special needs housing. In addition, the Ministry recovers costs relating to shelter provisions for homeless adults from the Department of Indian and Northern Affairs Canada.

CMHC provides contributions towards subsidies of rental properties and mortgages receivable and for certain capital costs, the administration expenses and net operating results of approved community housing projects through cost-sharing agreements. CMHC also provides contributions for net operating results of approved seniors housing projects.

Note 14 Housing Providers

(in thousands)

The Ministry supports the provision of seniors and community housing through housing providers. Grants are provided to cover operating deficits of specific programs, and recoveries (revenues) are received from operating surpluses. Costs for property insurance, amortization and interest on long-term debt are incurred and recorded by the Ministry; housing providers do not incur or record these expenses.

Notes to the Consolidated Financial Statements

Year Ended March 31, 2011

Note 14 Housing Providers (Cont'd)

(in thousands)

Information on the recoveries from housing providers included as Other Revenue is as follows:

	2011	2010
Seniors Housing Providers - Surplus	$ 6,536	$ 6,582
Community Housing Providers - Surplus	283	4
	$ 6,819	$ 6,586

Information on the grants to housing providers included as Corporation expenses is as follows:

	2011	2010
Operating Grants to Housing Providers	$ 39,509	$ 45,565
Maintenance Grants to Housing Providers	-	2,500
Provincial/Federal Retrofit and/or Regeneration of Social Housing	38,766	45,328
	$ 78,275	$ 93,393

Note 15 Benefit Plans

(in thousands)

The Ministry participates in the multi-employer pension plans, Management Employees Pension Plan, and Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense of these pension plans is equivalent to the annual contributions of $1,609 for the year ended March 31, 2011 (2010 - $1,329).

At December 31, 2010, the Management Employees Pension Plan reported a deficiency of $397,087 (2009 – deficiency $483,199) and the Public Service Pension Plan reported a deficiency of $2,067,151 (2009 – deficiency $1,729,196). At December 31, 2010, the Supplementary Retirement Plan for Public Service Managers had a deficiency of $39,559 (2009 - $39,516).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2011, the Bargaining Unit Plan reported an actuarial deficiency of $4,141 (2010 – deficiency of $8,335) and the Management, Opted Out and Excluded Plan an actuarial surplus of $7,020 (2010 – surplus of $7,431). The expense for these two plans is limited to the employer's annual contributions for the year.

Notes to the Consolidated Financial Statements

Year Ended March 31, 2011

Note 16 Comparative Figures

Certain 2010 figures have been reclassified to conform to the 2011 presentation.

Note 17 Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Minister of the Ministry of Housing and Urban Affairs.

Schedule 1 – Revenues

Year ended March 31, 2011
(in thousands)

	2011		2010
	Budget (Schedule 3)	Actual	Actual
Internal Government Transfers	$ -	$ 459	$ -
Transfers from the Government of Canada			
Recoveries from Canada Mortgage and Housing Corporation	135,690	136,931	138,210
Recoveries from Indian and Northern Affairs Canada	100	533	439
	135,790	137,464	138,649
Investment Income			
Bank and other	2,000	2,635	2,254
Mortgages	30	7	27
	2,030	2,642	2,281
Other Revenue			
Contributions in Kind			
Contribution from Housing Providers and Third Parties	-	7,611	2,321
Contribution of Assets Funded by Prior Year Government Grants from Another Ministry	-	10,604	7,136
Miscellaneous	100	20	42
Recoveries from Management Organizations	6,000	6,819	6,586
Refunds of Expenditure	-	1,109	1,032
Rental Revenue	100	180	207
	6,200	26,343	17,324
Total Revenues	$ 144,020	$ 166,908	$ 158,254

Schedule 2 –
Expenses – Directly Incurred Detailed by Object

Year ended March 31, 2011
(in thousands)

	2011		2010
	Budget (Schedule 3)	Actual	Actual (Restated - Note 2d)
Voted			
Salaries and Wages	$ 16,450	$ 15,484	$ 14,431
Supplies and Services	3,131	6,445	3,043
Grants	351,520	354,442	456,871
Financial Transactions and Other	108	114	109
Amortization of Tangible Capital Assets	-	94	79
	$ 371,209	$ 376,579	$ 474,533
Statutory			
Supplies and Services	$ 2,516	$ 4,573	$ 3,436
Grants	93,217	86,537	100,039
Debt Servicing Costs	17,453	17,451	18,968
Amortization of Tangible Capital Assets	23,818	23,107	22,922
	137,004	131,668	145,365
Valuation Adjustments			
Provision for Loss on Guarantees, Indemnities and Mortgages	10	(13)	4
Provision for Vacation Pay	-	(81)	131
	$ 137,014	$ 131,574	$ 145,500
Total Expenses	$ 508,223	$ 508,153	$ 620,033

Schedule 3 – Budget

Year ended March 31, 2011
(in thousands)

	2010-11 Estimates	Adjustments (a)	2010-11 Authorized Budget
Revenues			
Internal Government Transfers	$ -	$ 465	$ 465
Transfers from Government of Canada	135,790	-	135,790
Investment Income	2,030	-	2,030
Other Revenue	6,200	-	6,200
	144,020	465	144,485
Expenses - Directly Incurred			
Voted Expenses			
Ministry Support Services	5,746	-	5,746
Housing Development & Operations	174,038	500	174,538
Homeless Support & Land Development	189,194	-	189,194
Policy and Urban Affairs	2,231	-	2,231
	371,209	500	371,709
Statutory Expenses			
Alberta Social Housing Corporation	119,551	5,231	124,782
Debt Servicing Costs	17,453	-	17,453
Valuation Adjustments			
Provision for Losses on Guarantees, Indemnities and Mortgages	10	-	10
	137,014	5,231	142,245
	508,223	5,731	513,954
Gain on Disposal of Tangible Capital Assets	4,564	-	4,564
Net Operating Results	$ (359,639)	$ (5,266)	$ (364,905)
Capital Investments	$ 68,090	$ 7,075	$ 75,165

(a) Adjustments include in-year transfers between other ministries.
Treasury Board approval is pursant to section 24(2) of the *Financial Administration Act* for credit or recovery of spending; or to the *Appropriation Act 2010, section 5*, which adjusts the gross amount to reflect transfers for emergent capital purposes from Infrastruture.

(b) There are no Supplementary Estimates approved for 2010-11.

Schedule 4 – Related Party Transactions

Year ended March 31, 2011
(in thousands)

Related parties are those entities consolidated or accounted for on the modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Ministry.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Ministry had the following transactions with related parties recorded on the Statements of Operations and the Statements of Financial Position at the amount of consideration agreed upon between the related parties:

	Other Entities	
	2011	2010 (Restated - Note 2d)
Revenues		
Internal Government Transfers	$ 459	$ -
Expenses - Directly Incurred		
Business and Technology Services	$ 178	$ 99
Debt Servicing Costs	10,476	11,835
Insurance	1,782	1,449
	$ 12,436	$ 13,383
Deferred Financing Charges		
Alberta Finance and Enterprise	$ 379	$ 515
Receivables from:		
Alberta Transportation	$ -	$ 1,206
Alberta Municipal Affairs	23	-
Risk Management and Insurance	5,574	9,439
	$ 5,597	$ 10,645
Payables to:		
Alberta Finance and Enterprise [1]	$ 157,940	$ 181,590
Alberta Infrastructure	762	362
	$ 158,702	$ 181,952

[1] Debt and accrued interest on debt.

Schedule 4 –
Related Party Transactions (Cont'd)

Year ended March 31, 2011
(in thousands)

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 5.

	Other Entities	
	2011	2010
Expenses - Incurred by Others (Schedule 5)		
Accommodation	$ 4,100	$ 4,079
Internal Audit	112	373
Business Services	809	1,089
Legal	322	219
	$ 5,343	$ 5,760

Schedule 5 – Allocated Costs

Year ended March 31, 2011
(in thousands)

	2011							2010
		Expenses - Incurred by Others [2]			Valuation Adjustments			
	Expenses [1]	Accommodation [3]	Business Services [4]	Legal/ Internal Audit [5]	Vacation Pay [6]	Losses/ Recoveries	Total	Total [7]
Ministry Support Services	$ 5,692	$ 666	$ 188	$ 5	$ (102)	$ -	$ 6,449	$ 6,598
Housing Development and Operations	222,187	745	210	231	27	-	223,400	288,169
Homeless Support and Land Development	146,557	1,126	317	129	46	-	148,175	182,011
Policy and Urban Affairs	2,142	333	94	2	(52)	-	2,519	2,559
Alberta Social Housing Corporation	131,669	1,230	-	67	-	(13)	132,953	146,694
	$ 508,247	$ 4,100	$ 809	$ 434	$ (81)	$ (13)	$ 513,496	$ 626,031

(1) Expenses - Directly Incurred as per Statement of Operations, excluding valuation adjustments.
(2) Costs shown for Expenses - Incurred by Others are as disclosed in Schedule 4.
(3) Costs shown for Accommodation allocated by square footage.
(4) Business Services includes financial and administrative services, air transportation, and executive vehicle services, allocated by estimated costs incurred in each program.
(5) Costs for Legal and Internal Audit services on Schedule 4 are allocated by estimated costs incurred by each program.
(6) Valuation Adjustments as per Statement of Operations. Employee Benefits provision included in Valuation Adjustments were allocated as follows:
- Vacation pay - allocated to the program by employee.
(7) Certain business services unbilled expenditures in 2009-10 have been corrected. The result is an increase of $1,056 to prior year allocated costs on Schedules 4 & 5.

Department of Housing and Urban Affairs
financial statements

Independent Auditor's Report

To the Minister of Housing and Urban Affairs

Report on the Financial Statements

I have audited the accompanying financial statements of the Department of Housing and Urban Affairs, which comprise the statement of financial position as at March 31, 2011 and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department as at March 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, CA]

Auditor General

June 8, 2011

Edmonton, Alberta

Statement of Operations

Year ended March 31, 2011
(in thousands)

	2011		2010
	Budget (Schedule 3)	Actual	Actual
Revenues (Schedule 1)			
Transfers from the Government of Canada	$ 75,790	$ 76,656	$ 74,369
Other Revenue	100	378	188
	75,890	77,034	74,557
Expenses - Directly Incurred (Note 2b and Schedule 7)			
Voted (Schedules 3, 5 and 7)			
Ministry Support Services	5,746	5,692	5,464
Housing Development and Operations	244,802	288,003	397,538
Homeless Support and Land Development	257,284	167,733	184,058
Policy and Urban Affairs	2,231	2,142	2,114
	510,063	463,570	589,174
Statutory (Schedules 3 and 4)			
Valuation Adjustments			
Provision for Vacation Pay	-	(81)	131
	-	(81)	131
	510,063	463,489	589,305
Net Operating Results	$ (434,173)	$ (386,455)	$ (514,748)

The accompanying notes and schedules are part of these financial statements.

Statement of Financial Position

Year ended March 31, 2011
(in thousands)

	2011	2010
Assets		
Cash	$ 612	$ -
Accounts Receivable (Note 3)	67,767	60,757
Prepaid Expenses	97	-
Loans and Advances	7	8
Tangible Capital Assets (Note 4)	119	213
	$ 68,602	$ 60,978
Liabilities		
Accounts Payable	$ 21,242	$ 38,088
Accrued Liabilities	463,457	448,209
	484,699	486,297
Net Liabilities		
Net Liabilities at Beginning of Year	(425,319)	(329,672)
Net Operating Results	(386,455)	(514,748)
Net Financing Provided from General Revenues	395,677	419,101
Net Liabilities at End of Year	(416,097)	(425,319)
	$ 68,602	$ 60,978

The accompanying notes and schedules are part of these financial statements.

Statement of Cash Flows

Year ended March 31, 2011
(in thousands)

	2011	2010
Operating Transactions		
Net Operating Results	$ (386,455)	$ (514,748)
Non-cash items included in Net Operating Results		
Amortization of Tangible Capital Assets	94	79
Valuation Adjustments	(81)	131
	(386,442)	(514,538)
Changes in Working Capital (before Valuation Adjustments)		
Increase in Accounts Receivable	(7,010)	(33,950)
Increase in Prepaid Expenses	(97)	-
Decrease in Loans and Advances	1	-
(Decrease) Increase in Accounts Payable	(16,846)	34,861
Increase in Accrued Liabilities	15,329	94,536
Cash Applied to Operating Transactions	(395,065)	(419,091)
Capital Transactions		
Acquisition of Tangible Capital Assets	-	(10)
Cash Applied to Capital Transactions	-	(10)
Financing Transactions		
Net Financing Provided from General Revenues	395,677	419,101
Cash Provided by Financing Transactions	395,677	419,101
Increase in Cash	612	-
Cash, Beginning of Year	-	-
Cash, End of Year	$ 612	$ -

The accompanying notes and schedules are part of these financial statements.

Notes to the Financial Statements

Year Ended March 31, 2011

Note 1 Authority and Purpose

The Department of Housing and Urban Affairs operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000.

The Department works in partnership with Alberta's municipalities, other provincial government departments, federal partners, local authorities, various organizations focused on local issues, and the private sector to ensure Albertans live in safe and sustainable communities and are served by open, effective, accountable and well-managed local governments.

This is done by:

- Delivering programs to assist lower-income Albertans in meeting their housing needs.
- Promoting strong and vibrant communities.
- Developing affordable housing units.
- Implementing a 10-year plan to address homelessness.
- Helping Albertans stay in their homes.
- Making additional public land available for affordable housing purposes.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with Canadian public sector accounting standards.

(a) Reporting Entity

The reporting entity is the Department of Housing and Urban Affairs, which is part of the Ministry of Housing and Urban Affairs and for which the Minister of Housing and Urban Affairs is accountable. The other entity reporting to the Minister is the Alberta Social Housing Corporation (the Corporation). The activities of this organization are not included in these financial statements. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance and Enterprise. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net Financing provided from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return. Internal government transfers are recognized as revenue when received.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (Cont'd)

(b) Basis of Financial Reporting

Revenues (Cont'd)

Transfers from Government of Canada

Transfers from Government of Canada are recognized as revenues when authorized by federal legislation or federal/provincial agreements, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made. Overpayments and transfers received before revenue recognition criteria have been met are included in accounts payable and accrued liabilities or unearned revenue.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Department has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses such as salaries, supplies etc., directly incurred expenses also include:

- amortization of tangible capital assets.
- pension costs, which are the cost of employer contributions during the year.
- valuation adjustments, which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities.

Grant Expense

Grants are recognized as expenses when approved, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

Grants are provided under requests for proposals for Affordable Housing and Housing for the Homeless programs.

Grants under Rent Supplement programs are provided to selected management bodies to administer the programs.

Emergency/Transitional Support grants are provided to shelter operators for projects relating to emergency shelter or transitional/supported housing projects.

The Outreach Support Services grants are provided to community-based organizations for initiatives towards the 10-year plan to end homelessness.

Grants to the Corporation are provided to fund housing provider's results incurred by the Corporation, debt principal repayment and land development costs associated with land for resale in Parsons Creek, a mixed-use planned housing community in Fort McMurray.

Notes to the Financial Statements

Year Ended March 31, 2011

Note 2 Summary of Significant Accounting Policies and Reporting Practices (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Expenses (Cont'd)

Incurred by Others

Services contributed by other entities in support of the Department operations are not recognized and are disclosed in Schedule 6 and allocated to programs in Schedule 7.

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Department are limited to financial claims, such as advances to and receivables from other organizations and individuals.

Assets acquired by right are not included. Tangible capital assets of the Department are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets.

The threshold for capitalizing new systems development is $250,000 and the threshold for major systems enhancements is $100,000. Eligible costs for capitalization include:

- external direct costs of materials and services such as consultant fees (except those relating to business process reengineering),
- costs to acquire software and any custom development,
- salary and related benefits of employees assigned full-time to the project that are directly associated with the application development stage, and
- costs of upgrades that improve the functionality of the system.

Capitalization begins when the preliminary project stage is completed and management authorizes and commits to the project.

The threshold for all other tangible capital assets is $5,000.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in a sacrifice of economic benefits in the future.

Net Liabilities

Net liabilities represent the difference between the carrying value of assets held by the Department and its liabilities.

Notes to the Financial Statements

Year Ended March 31, 2011

Note 2 Summary of Significant Accounting Policies and Reporting Practices (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act.

The fair values of accounts receivable, loans and advances, accounts payable, accrued liabilities and holdbacks are estimated to approximate their carrying values because of the short-term nature of these instruments. Fair values of loans are not reported due to there being no organized financial market for the instruments. It is not practical within constraints of timeliness or cost to estimate the fair value with sufficient reliability.

Measurement Uncertainty

(in thousands)

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. The estimate relating to the determination of the Government of Canada accounts receivable of $67,467 (2010 - $60,702) is subject to measurement uncertainty.

Note 3 Accounts Receivable

(in thousands)

	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Government of Canada	$ 67,467	$ -	$ 67,467	$ 60,702
Alberta Social Housing Corporation	300	-	300	-
Other	1,385	(1,385)	-	55
	$ 69,152	$ (1,385)	$ 67,767	$ 60,757

Government of Canada and the Corporation accounts receivable are unsecured and non-interest bearing.

Other accounts receivable includes recoveries for grants advanced in prior years.

Notes to the Financial Statements

Year Ended March 31, 2011

Note 4 Tangible Capital Assets

(in thousands)

	2011			2010
	Equipment (1)	Computer hardware and software	Total	Total
Estimated useful life	10 years	3 years		
Historical Cost				
Beginning of year	$ 14	$ 701	$ 715	$ 732
Additions	-	-	-	10
Disposals	-	-	-	(27)
	$ 14	$ 701	$ 715	$ 715
Accumulated Amortization				
Beginning of year	$ 1	$ 501	$ 502	$ 450
Amortization expense	1	93	94	79
Effect of disposals	-	-	-	(27)
	$ 2	$ 594	$ 596	$ 502
Net book value at March 31, 2011	$ 12	$ 107	$ 119	
Net book value at March 31, 2010	$ 13	$ 200		$ 213

1) Equipment includes office equipment, furniture and other equipment.

Notes to the Financial Statements

Year Ended March 31, 2011

Note 5 Contractual Obligations

(in thousands)

Contractual obligations are obligations of the Department that will become liabilities in the future when the terms of those contracts or agreements are met.

	2011	2010 [a]
Obligations under operating leases, contracts and programs	$ 193,210	$ 193,792

Estimated payment requirement for each of the next five years and thereafter are as follows:

	Programs	Contracts	Total
2011-12	$ 83,075	$ 1,251	$ 84,326
2012-13	7,587	529	8,116
2013-14	7,420	-	7,420
2014-15	7,042	-	7,042
2015-16	7,019	-	7,019
Thereafter	79,287	-	79,287
	$ 191,430	$ 1,780	$ 193,210

(a) This note has been restated to reflect certain contractual obligations that should have been disclosed in the Contractual Obligations note in the Alberta Social Housing Corporation's March 31, 2010 financial statements but were disclosed as contractual obligations of the Department of Housing and Urban Affairs. There is no impact on any other part of the financial statements.

Note 6 Contingent Liabilities

(in thousands)

At March 31, 2011, the Department is a defendant in zero legal claims (2010 - one claim, with a specified amount of $8,100). The Department has been jointly named with other entities in zero legal claims (2010 -one claim, $8,100).

Notes to the Financial Statements

Year Ended March 31, 2011

Note 7 Trust Funds Under Administration

(in thousands)

The Department administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Department's financial statements.

At March 31, 2011 trust funds under administration were as follows:

	2011	2010
Provincial Territorial Secretariat Trust	$ 155	$ 58
Gunn Centre Resident Trust Fund	7	7
	$ 162	$ 65

The Department of Housing and Urban Affairs served as Chair of the Provincial Territorial Secretariat in 2009-10 and 2010-11. The Department was responsible for managing collection of funds from other provinces as dues and disbursements relating to the Department's position as Chair. These funds are held in a separate Trust Account and are not an asset of the Government of Alberta.

Note 8 Program Recoveries

The Department receives recoveries from Canada Mortgage and Housing Corporation (CMHC) for eligible expenditures under the Federal Economic Stimulus Plan for retrofit and regeneration of social housing incurred in the Corporation, as well as costs eligible under the Operating Agreements with CMHC for rent supplement and special needs housing. In addition, the Department recovers costs relating to shelter provisions for homeless adults from the Department of Indian and Northern Affairs Canada.

Note 9 Benefit Plans

(in thousands)

The Department participates in the multi-employer pension plans: Management Employees Pension Plan and Public Service Pension Plan. The Department also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $1,609 for the year ended March 31, 2011 (2010 – $1,329).

At December 31, 2010, the Management Employees Pension Plan reported a deficiency of $397,087 (2009 – deficiency $483,199) and the Public Service Pension Plan reported a deficiency of $2,067,151 (2009 – deficiency $1,729,196). At December 31, 2010, the Supplementary Retirement Plan for Public Service Managers had a deficiency of $39,559 (2009 - $39,516).

Notes to the Financial Statements

Year Ended March 31, 2011

Note 9 Benefit Plans (Cont'd)

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2011, the Bargaining Unit Plan reported an actuarial deficiency of $4,141 (2010 – deficiency of $8,335) and the Management, Opted Out and Excluded Plan an actuarial surplus of $7,020 (2010 – surplus of $7,431). The expense for these two plans is limited to the employer's annual contributions for the year.

Note 10 Comparative Figures

Certain 2010 figures have been reclassified to conform to the 2011 presentation.

Note 11 Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Schedule 1 – Revenues

Year ended March 31, 2011
(in thousands)

	2011		2010
	Budget (Schedule 3)	Actual	Actual
Transfers from Government of Canada			
Recoveries from Canada Mortgage and Housing Corporation			
Rent Supplement & Special Needs Housing	$ 15,000	$ 15,433	$ 15,840
Affordable Housing	38,000	38,000	35,400
Renovation and Retrofit	22,690	22,690	22,690
	75,690	76,123	73,930
Recoveries from Indian and Northern Affairs Canada	100	533	439
	75,790	76,656	74,369
Other Revenue			
Refunds of Expenditure	-	305	96
Rental Revenue	100	73	62
Miscellaneous	-	-	30
	100	378	188
	$ 75,890	$ 77,034	$ 74,557

Schedule 2 –
Expenses – Directly Incurred Detailed by Object

Year ended March 31, 2011
(in thousands)

	2011		2010
	Budget (Schedule 3)	Actual	Actual
Voted			
Salaries and Wages	$ 16,450	$ 15,484	$ 14,430
Supplies and Services	3,131	6,445	3,043
Grants	490,374	441,433	571,513
Financial Transactions and Other	108	114	109
Amortization of Tangible Capital Assets	-	94	79
	$ 510,063	$ 463,570	$ 589,174
Statutory			
Valuation Adjustments			
Provision for Doubtful Accounts	$ -	$ -	$ -
Provision for Vacation Pay	-	(81)	131
	$ -	$ (81)	$ 131

Schedule 3 – Budget

Year ended March 31, 2011
(in thousands)

	2010-11 Estimates	Adjustments[(a)]	2010-11 Authorized Budget
Revenues			
Transfers from Government of Canada	$ 75,790	$ -	$ 75,790
Other Revenue	100	-	100
	75,890	-	75,890
Expenses - Directly Incurred			
Voted Expenses			
Ministry Support Services	5,746	-	5,746
Housing Development and Operations	244,802	3,150	247,952
Homeless Support and Land Development	257,284	-	257,284
Policy and Urban Affairs	2,231	-	2,231
	510,063	3,150	513,213
Net Operating Results	$ (434,173)	$ (3,150)	$ (437,323)

(a) Adjustments include in-year transfers between other ministries.
Treasury Board approval is pursuant to the *Appropriation Act 2010, section 5,* which adjusts the gross amount to reflect transfers for emergent capital purposes from Infrastructure.

(b) There are no Supplementary Estimates approved for 2010-11.

Schedule 4 – Comparison of Expenses – Directly Incurred, EIP and Capital Investment, Statutory Expenses and Non-Budgetary Disbursements by Element to Authorized Budget

Year ended March 31, 2011
(in thousands)

	2010-11 Estimates	Adjust-ments (a)	2010-11 Authorized Budget(b)	2010-11 Actual	Under Expended (Over Expended)
Voted Expense, EIP, and Capital Investments					
1 Ministry Support Services					
1.0.1 Minister's Office	$ 543	-	$ 543	$ 511	$ 32
1.0.2 Deputy Minister's Office	696	-	696	667	29
1.0.3 Support Services	4,507	-	4,507	4,514	(7)
	5,746	-	5,746	5,692	54
2 Housing Development and Operations					
2.1 Divisional Support					
2.1.1 Divisional Support	546	-	546	491	55
2.2 Housing Development					
2.2.1 Housing Development Program Delivery	1,263	-	1,263	4,312	(3,049)
2.3 Housing Development Grants					
2.3.1 Affordable Housing Program	88,310	-	88,310	130,053	(41,743)
2.4 Housing Operations					
2.4.1 Housing Operations Program Delivery	3,309	-	3,309	3,517	(208)
2.5 Housing Grants					
2.5.1 Rent Supplement	75,100	-	75,100	75,331	(231)
2.5.2 Homeless and Eviction Prevention Fund	-	-	-	-	-
2.5.3 Special Needs	5,100	-	5,100	7,654	(2,554)
2.5.4 Other Grants	410	500	910	830	80
2.5.5 Assistance to the Alberta Social Housing Corporation - Debt Repayment	25,384	-	25,384	22,136	3,248
2.5.6 Assistance to the Alberta Social Housing Corporation - Housing Providers	45,380	2,650	48,030	43,679	4,351
	244,802	3,150	247,952	288,003	(40,051)

Schedule 4 – Comparison of Expenses – Directly Incurred, EIP and Capital Investment, Statutory Expenses and Non-Budgetary Disbursements by Element to Authorized Budget

Year ended March 31, 2011
(in thousands)

	2010-11 Estimates	Adjustments (a)	2010-11 Authorized Budget(b)	2010-11 Actual	Under Expended (Over Expended)
Voted Expense, EIP, and Capital Investments (Cont'd)					
3 Homeless Support and Land Development					
3.1 Divisional Support					
3.1.1 Divisional Support	600	-	600	467	133
3.2 Homeless Support					
3.2.1 Homeless Support Program Delivery	4,591	-	4,591	4,502	89
3.2.2 Alberta Secretariat for Action on Homelessness	636	-	636	573	63
3.3 Homeless Support Grants	-	-			
3.3.1 Emergency Transitional Support	40,500	-	40,500	40,950	(450)
3.3.2 Outreach Support Services	42,100	-	42,100	41,271	829
3.3.3 Homeless Prevention Initiative	100,000	-	100,000	58,257	41,743
3.4 Land Development					
3.4.1 Land Development Program Delivery	767	-	767	537	230
3.4.2 Assistance to Alberta Social Housing Corporation - Land Development	68,090	-	68,090	21,176	46,914
	257,284	-	257,284	167,733	89,551
4 Policy and Urban Affairs					
4.0.1 Policy and Urban Affairs	2,231	-	2,231	2,142	89
Expense	$ 510,063	$ 3,150	$ 513,213	$ 463,570	$ 49,643
Statutory Expenses					
Valuation Adjustments					
Vacation Liability	$ -	$ -	$ -	(81)	$ 81

(a) Adjustments include in-year transfers between other Ministries.
(b) The Department did not receive a supplementary estimate in 2010-11.

Schedule 5 –
Salary and Benefits Disclosure

Year ended March 31, 2011
(in thousands)

	2011				2010
	Base Salary [1]	Other Cash Benefits [2]	Other Non-Cash Benefits [3]	Total	Total[7]
Deputy Minister [4]	$264,576	$ 1,750	$ 62,973	$329,299	$325,096
Assistant Deputy Ministers					
Housing Development and Operations	161,148	1,750	38,487	201,385	197,912
Homeless Support and Land Development	185,472	1,750	44,205	231,427	228,763
Strategic Services[5]	178,041	1,750	42,711	222,502	-
Executive Director					
Human Resources[6]	130,787	1,750	32,128	164,665	153,095

Prepared in accordance with Treasury Board Directive 12/98 as amended.

(1) Base salary includes pensionable base pay.
(2) Other cash benefits include vacation payouts and lump sum payments if relevant for the particular circumstance. There were no bonuses paid in 2010 and 2011.
(3) Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships and tuition fees.
(4) Automobile provided, no dollar amount included in other non-cash benefits.
(5) Position established April, 2010. Base salary reflects adjustment for commencement date.
(6) The incumbent's services are funded by the Ministry of Municipal Affairs. Full costs of salary and benefits are disclosed in this schedule.
(7) The Department Executive Team underwent an organization change in 2010-11 resulting in the addition of one Assistant Deputy Minister in the place of two Executive Directors which had been reported in prior years. In addtition, the Executive Director, HR, has been included as this position is represented on the Department's Executive decision making team.

Schedule 6 – Related Party Transactions

Year ended March 31, 2011
(in thousands)

Related parties are those entities consolidated or accounted for on the modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Department.

The Department and its employees paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Department had the following transactions with related parties recorded on the Statements of Operations and the Statements of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2011	2010	2011	2010
Expenses - Directly Incurred				
Business and Technology Services	$ -	$ -	$ 178	$ 99
Grants	86,992	114,641	-	-
Insurance	-	-	23	111
	$ 86,992	$ 114,641	$ 201	$ 210
Receivables from:				
Alberta Social Housing Corporation	$ 300	$ -	$ -	$ -
Payables to:				
Alberta Social Housing Corporation	$ 20,010	$ 37,600	$ -	$ -

The Department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 7.

	Other Entities	
	2011	2010 (Restated - Note 10)
Expenses - Incurred by Others (Schedule 7)		
Accommodation	$ 2,870	$ 2,855
Internal Audit	87	299
Business Services	809	1,089
Legal	280	192
	$ 4,046	$ 4,435

Schedule 7 – Allocated Costs

Year ended March 31, 2011
(in thousands)

	2011						2010
		Expenses - Incurred by Others			Valuation Adjustment		
	Expenses [1]	Accommo-dation [2]	Business Services [3]	Legal/Internal Audit [4]	Vacation Pay [5]	Total	Total [6]
Ministry Support Services	$ 5,692	$ 666	$ 188	$ 5	$ (102)	$ 6,449	$ 6,359
Housing Development and Operations	288,003	745	210	231	27	289,216	398,977
Homeless Support and Land Development	167,733	1,126	317	129	46	169,351	185,844
Policy and Urban Affairs	2,142	333	94	2	(52)	2,519	2,559
	$ 463,570	$ 2,870	$ 809	$ 367	$ (81)	$ 467,535	$ 593,739

(1) Expenses - Directly Incurred as per Statement of Operations, excluding valuation adjustments.
(2) Costs shown for Accommodation allocated by square footage.
(3) Business Services includes financial and administrative services, air transportation, and executive vehicle services, allocated by estimated costs incurred in each program.
(4) Costs for Legal/Internal Audit allocated by estimated costs incurred by each program.
(5) Vacation pay allocated to the program by employee.
(6) Certain business services unbilled expenditures in 2009-10 have been corrected. The result is an increase of $1,056 to prior year allocated costs on Schedules 6 & 7.

Alberta Social Housing Corporation
financial statements

Independent Auditor's Report

AUDITOR GENERAL *Alberta*

To the Minister of Housing and Urban Affairs

Report on the Financial Statements

I have audited the accompanying financial statements of the Alberta Social Housing Corporation, which comprise the statement of financial position as at March 31, 2011 and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Alberta Social Housing Corporation as at March 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, CA]

Auditor General

June 8, 2011

Edmonton, Alberta

Statement of Operations

Year ended March 31, 2011
(in thousands)

	2011		2010
	Budget (Schedule 3)	Actual	Actual
Revenues (Schedule 1)			
Internal Government Transfers	$ 138,854	$ 87,451	$ 114,641
Transfers from the Government of Canada	60,000	60,808	64,280
Investment Income	2,030	2,642	2,281
Other Revenue	6,100	25,966	17,136
	206,984	176,867	198,338
Expenses - Directly Incurred (Note 2b and Schedule 5)			
Support to Housing Providers			
Seniors Housing Providers (Note 13)	30,777	25,665	19,675
Community Housing Providers (Note 13)	62,140	52,610	73,718
Other Housing Providers	296	148	163
Insurance	2,355	3,358	2,662
Amortization	23,818	23,107	22,922
Other Asset Administration	165	139	179
Grants in Kind	-	9,190	7,078
Debt Servicing Costs	17,453	17,451	18,968
	137,004	131,668	145,365
Valuation Adjustments			
Provision for Losses on Guarantees, Indemnities and Mortgages	10	(13)	4
	10	(13)	4
	137,014	131,655	145,369
Gain on Disposal of Tangible Capital Assets	4,564	6,326	7,337
Net Operating Results	$ 74,534	$ 51,538	$ 60,306

The accompanying notes and schedules are part of these financial statements.

Statement of Financial Position

Year ended March 31, 2011
(in thousands)

	2011	2010 (Restated - Note 2c)
Assets		
Cash (Note 3)	$ 264,401	$ 255,667
Accounts Receivable (Note 4)	39,818	76,404
Inventory (Note 5)	26,523	-
Loans and Advances (Note 6)	7,708	3,153
Deferred Financing Charges	379	515
Tangible Capital Assets (Note 7)	620,596	626,851
	$ 959,425	$ 962,590
Liabilities		
Accounts Payable	$ 2,992	$ 3,281
Accrued Interest Payable	2,072	2,172
Accrued Liabilities	18,018	46,935
Allowance for Losses on Guarantees and Indemnities (Note 8)	6	18
Long-Term Debt (Note 9)	228,527	253,912
	251,615	306,318
Net Assets		
Net Assets at Beginning of Year	656,272	595,966
Net Operating Results	51,538	60,306
Net Assets at End of Year	707,810	656,272
	$ 959,425	$ 962,590

The accompanying notes and schedules are part of these financial statements.

Statement of Cash Flows

Year ended March 31, 2011
(in thousands)

	2011	2010 (Restated - Note 2c)
Operating Transactions		
Net Operating Results	$ 51,538	$ 60,306
Non-cash items included in Net Operating Results		
Amortization of Tangible Capital Assets	23,107	22,922
Amortization of Deferred Financing Charges	136	153
Grants in Kind	9,190	7,078
Capital Contributions in Kind	(18,215)	(9,457)
Gain on Disposal of Tangible Capital Assets	(6,326)	(7,337)
Valuation Adjustments	(12)	4
	59,418	73,669
Changes in Working Capital (Before Valuation Adjustments)		
Decrease (Increase) in Accounts Receivable	36,586	(37,476)
Increase in Inventory	(21,177)	-
(Increase) Decrease in Loans and Advances	(4,555)	1,837
Increase (Decrease) in Accounts Payable	141	(19,634)
(Decrease) Increase in Accrued Liabilities	(29,361)	25,459
Decrease in Accrued Interest Payable	(99)	(92)
Cash Provided by Operating Transactions	40,953	43,763
Capital Transactions		
Acquisition of Tangible Capital Assets	(5,989)	(3,833)
Increase in Work-in-Progress	(1,143)	(443)
Proceeds on Disposal of Tangible Capital Assets	298	2,743
Cash Applied to Capital Transactions	(6,834)	(1,533)
Financing Transactions		
Repayment of Long-Term Debt	(25,385)	(23,891)
Cash Applied to Financing Transactions	(25,385)	(23,891)
Increase in Cash	8,734	18,339
Cash, Beginning of Year	255,667	237,328
Cash, End of Year	$ 264,401	$ 255,667

The accompanying notes and schedules are part of these financial statements.

Notes to the Financial Statements

Year Ended March 31, 2011

Note 1 Authority and Purpose

The Alberta Social Housing Corporation (the Corporation) operates under the authority of the *Alberta Housing Act*, Chapter A-25, Revised Statutes of Alberta 2000. The Act is jointly administered by the Department of Housing and Urban Affairs and the Department of Seniors and Community Supports.

The Corporation's primary purpose is to facilitate the provision of affordable housing options, through community management bodies, to low-income families and individuals and those with special needs, and administer seniors housing. The Corporation owns and administers the Crown's portfolio of housing assets and manages provincial debts and agreements associated with those assets. This includes administering the sale of provincially owned properties no longer efficient or effective for social housing programs.

The Corporation also oversees the provincial commitments and entitlements remaining from discontinued business activities such as mortgages and loan guarantees. It also directly operates and acts as the landlord for a small portion of units classified as "rural housing."

The Corporation is a crown agent of the Government of Alberta and as such has a tax exempt status.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with Canadian public sector accounting standards.

(a) Reporting Entity

The reporting entity is the Corporation, which is part of the Ministry of Housing and Urban Affairs and for which the Minister of Housing and Urban Affairs is accountable. The other entity reporting to the Minister is the Department of Housing and Urban Affairs. The activities of the Department are not included in these financial statements. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return. Internal government transfers are recognized as revenue when received.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Revenues (Cont'd)

Transfers from Government of Canada

Transfers from Government of Canada are recognized as revenue when authorized by federal legislation or federal/provincial agreements, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made. Overpayments and transfers received before revenue recognition criteria have been met are included in accounts payable and accrued liabilities or unearned revenue.

Expenses

Directly Incurred

Directly incurred expenses are those costs for which the Corporation has primary responsibility and accountability, as reflected in the Government's budget documents.

In addition to program operating expenses such as supplies, directly incurred expenses also include:

- Amortization of tangible capital assets.
- Debt servicing costs.
- Valuation adjustments, which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to guarantees and indemnities.

Grant Expense

Grants under Support to Housing Providers are provided to housing providers to administer housing programs.

Grants in lieu of taxes owing on properties under the Rural and Native Housing Program may be provided by the Corporation on behalf of qualified low income mortgagors.

Incurred by Others

Services contributed by other government entities in support of the Corporation's operations are not recognized and are disclosed in Schedule 4 and allocated to programs in Schedule 5.

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Corporation are limited to cash and financial claims, such as advances to and receivables from other organizations and individuals, as well as inventories held for resale.

Notes to the Financial Statements

Year Ended March 31, 2011

Note 2 Summary of Significant Accounting Policies and Reporting Practices (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Assets (Cont'd)

Loans and advances include mortgages that are reported at cost less provisions for losses, and agreements receivable. Cost of mortgages includes amounts advanced, accrued interest and other charges, less repayments and subsidies. Also included are advances to housing providers to address short-term cash flow needs for specified projects and operating pressures.

Deferred financing charges on debt financing are amortized over the life of the debt on a straight-line basis.

Inventories held for resale relate to land developed for future sale in Parsons Creek, a mixed-use planned housing community in Fort McMurray. Land held for resale, acquired by right from the Crown, has been recorded at a nominal sum.

Tangible capital assets of the Corporation are recorded at historical cost and, except land, are amortized on a straight-line basis over the estimated useful lives of the assets. Amortization is only recorded if the asset is in use. All land is capitalized. The threshold for all other tangible capital assets is $5,000. Land originally acquired by right by the Crown and transferred to the Corporation at a nominal sum is capitalized at this transfer amount.

Capital contributions in kind are recorded at their fair value at the time of contribution.

When physical assets (tangible capital assets and inventories) are gifted or sold for a nominal sum, the fair values of these physical assets net nominal proceeds or expenses incurred in the sale or disposal process are recorded as grants in kind.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in a sacrifice of economic benefits in the future.

Net Assets

Net Assets represents the difference between the carrying value of assets held by the Corporation and its liabilities.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash and cash equivalents, accounts receivable, due from Department of Housing and Urban Affairs, accounts payable and accrued liabilities, accrued interest payable, and due to Department of Housing and Urban Affairs are estimated to approximate their carrying values because of the short term nature of these instruments. Fair values of loans and advances are not reported due to there being no organized financial market for the instruments and it is not practicable within constraints of timelines or cost to estimate the fair value with sufficient reliability.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (Cont'd)

(b) Basis of Financial Reporting (Cont'd)

Measurement Uncertainty

(in thousands)

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. Estimates relating to the determination of the management bodies accounts receivable of $13,099 (2010 - $27,066) as disclosed in these statements is subject to measurement uncertainty.

Insurance recoveries receivable from third party insurers and accounts payable for the repairs of insured property are subject to measurement uncertainty of $2,182 (2010 - $2,140). The uncertainty results from negotiation variations between third party insurers and the Alberta Risk Management Fund regarding claims for the Corporation's property.

(c) Restatement of Prior Year Figures

(in thousands)

Certain 2009-10 comparative figures have been restated to recognize work-in-progress resulting from construction projects funded by the Corporation and developed on Corporation property. Capital and accounts payable of the Corporation at the end of 2009-10 were increased by $443, representing the value of the work-in-progress.

Note 3 Cash

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. CCITF is managed with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2011, securities held in the CCITF have an average time-weighted market yield of 1.1% per annum (2010 – 1.0% per annum).

Notes to the Financial Statements

Year Ended March 31, 2011

Note 4 Accounts Receivable

(in thousands)

	2011			2010
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realzable Value
Alberta Housing and Urban Affairs [a]	$ 20,010	$ -	$ 20,010	$ 37,600
Alberta Municipal Affairs [b]	23	-	23	-
Alberta Transportation [c]	-	-	-	1,206
Housing Providers [d]	13,099	-	13,099	27,066
Risk Management Insurance [e]	5,574	-	5,574	9,440
Other[f]	1,146	(34)	1,112	1,092
	$ 39,852	$ (34)	$ 39,818	$ 76,404

Accounts receivable are unsecured and non-interest bearing and consists of the following:

a) Receivable for Assistance to Alberta Social Housing Corporation Grants for Housing Providers and Land Development.

b) Receivable related to Emergency Housing Response Project.

c) Receivable related to Memorandum of Understanding for the Parsons Creek project tree clearing costs.

d) Housing Providers' surplus.

The Corporation collected $11,228 of Restricted Operating Reserves which had been provided and recorded as a receivable in the prior fiscal year. The remainder of the balance has been provided as an advance to Housing Providers to assist with short-term cash flow requirements. Cash balances of each housing provider are monitored annually.

e) Insurance claims for the Corporation's housing assets.

f) Other accounts receivables include amounts owing from municipalities.

Note 5 Inventory

Land development costs for Parsons Creek were previously recorded as capital additions in 2010. A multi-year plan for future residential development and sale has been approved and implemented in 2010-11. As a result, these costs associated with the land held for resale are now classified as inventory. Future costs of inventory relating to preparation for sales of these lands may also include industrial and commercial land development costs.

Notes to the Financial Statements

Year Ended March 31, 2011

Note 6 Loans and Advances

(in thousands)

	2011			2010
	Accrual	Allowance for Losses	Net Realizable Value	Net Realizable Value
Rural and Native [a]	$ 2,182	$ -	$ 2,182	$ 3,137
Housing Providers' Reserves [b]	5,128	-	5,128	-
Cash Advances [c]	393	-	393	-
Other Loans and Advances	5	-	5	16
	$ 7,708	$ -	$ 7,708	$ 3,153

a) These mortgages are provided under the Rural and Native Housing program, with payments based on an amortization period of 25 years and five-year interest renewal term.

b) Housing Providers are allocated an operating reserve based on the number of housing units under management in order to address operating cash flow requirements during the year. These cash advances can be collected at any time at the discretion of the Minister. These funds are only to be used for short term cash flow needs and are required to be replenished. Balances are monitored by the Corporation.

c) Cash advances given to housing providers to address short term cash flow requirements resulting from construction projects. Also included is cash flow assistance provided to housing providers managing emergency trailers on behalf of the Corporation.

Notes to the Financial Statements

Year Ended March 31, 2011

Note 7 Tangible Capital Assets

(in thousands)

	2011			2010 (Restated - Note 2c)
	Land	Buildings	Total	Total
Estimated useful life	Indefinite	10-50 years[a]		
Historical Cost				
Beginning of year [b]	$ 119,939	$ 1,091,492	$ 1,211,431	$ 1,203,301
Additions[c]	-	23,761	23,761	13,290
Additions (Work-in-progress)	-	1,587	1,587	443
Disposals	(671)	(4,152)	(4,823)	(5,603)
Reclassification to Inventory [d]	(5,347)	-	(5,347)	-
	$ 113,921	$ 1,112,687	$ 1,226,608	$ 1,211,431
Accumulated Amortization				
Beginning of year	$ -	$ 584,580	$ 584,580	$ 564,787
Amortization expense	-	23,107	23,107	22,922
Effect of disposals	-	(1,675)	(1,675)	(3,129)
	$ -	$ 606,012	$ 606,012	$ 584,580
Net book value at March 31, 2011	$ 113,921	$ 506,675	$ 620,596	
Net book value at March 31, 2010 [b]	$ 119,939	$ 506,912		$ 626,851

a) Seniors and special needs buildings are amortized over 50 years, community housing buildings over 40 to 50 years, and all other buildings over 10 to 25 years.

b) Beginning of year balance restated to include $443 of work-in-progress related to construction of ASHC property.

c) Additions include buildings ($18,215) originally funded by donations from housing providers and other third parties ($7,611) and prior year government funding from another ministry ($10,604).

d) Parsons Creek land development capitalized in previous years has been reclassified as inventory to reflect land sales as a business operation of the Corporation. Corporation inventory expenditures have been incurred in preparation and development of Parsons Creek as part of a multi-year plan for future residential development for the initial phase. Later phases may also include industrial and commercial land development costs.

Note 8 Guarantees and Indemnities

(in thousands)

The Corporation has outstanding guarantees that were issued on the sale of certain of its mortgages whereby the Corporation will reimburse mortgagees for any losses that may occur on default by mortgagors. There were no losses reimbursed in 2011 (2010 – nil). Any claims for losses by the mortgagees will be reduced by the amounts realized from the sale of the underlying properties.

Guaranteed amounts, the last of which was guaranteed on March 30, 1994, are as follows:

	2011	2010
Mortgages, on multi-unit rental properties and land	$ 9,086	$ 10,454

Under the former mobile home loan insurance program, the Corporation agreed to indemnify losses on mobile home loans issued by financial institutions. The outstanding loans as at March 31, 2011 amount to $68 (2010 - $148). This program was terminated effective October 1, 1993. However, the Corporation has an ongoing commitment on the insurance policies remaining in force.

An allowance for losses has been made on these guarantees and indemnities in the amount of $6 (2010 - $18).

Note 9 Long-Term Debt

(in thousands)

The Corporation's long-term debt and exposure to interest rate risk are summarized as follows:

	2011	2010
Canada Mortgage and Housing Corporation [(a)]	$ 70,972	$ 72,763
Alberta Finance and Enterprise [(b)]	157,555	181,149
	$ 228,527	$ 253,912

a) Debentures maturing January 2023 to January 2030, with a weighted average effective rate of 9.650%.

b) Notes payable maturing September 16, 2016, with an effective rate of 5.93%.

The Province of Alberta guarantees the repayment of principal and interest on all borrowings. The debentures, including interest thereon, are repayable in equal annual or semi-annual installments and the note payable is repayable in equal semi-annual installments.

Notes to the Financial Statements

Year Ended March 31, 2011

Note 9 Long-Term Debt (Cont'd)

(in thousands)

Approximate aggregate repayments of principal in each of the next five years are:

2012	$ 26,973
2013	28,664
2014	30,463
2015	32,377
2016	34,415
Thereafter	75,635
	$ 228,527

Long-term debt has a fair value of $99,774 (2010 - $101,148) for Canada Mortgage and Housing Corporation debentures and $172,108 (2010 - $198,380) for the notes payable to Alberta Finance and Enterprise. Fair values for debt are based on the Province of Alberta's current borrowing rates which are available to the Corporation for debt with similar terms and maturities.

Note 10 Contractual Obligations

(in thousands)

Contractual obligations are obligations of the Corporation that will become liabilities in the future when the terms of the relevant contracts or agreements are met. Grants for housing providers approved for future years have been included as an obligation.

	2011	2010 [d]
Obligations under contracts and programs		
Obligations under programs[a]	$ 133,851	$ 143,981
Service contracts[b]	16,241	1,118
Long-term leases[c]	38,449	38,644
	$ 188,541	$ 183,743

(a) Grants committed for future years.

(b) Service contracts for development of Parsons Creek.

(c) The Corporation leases land under various leases for the purpose of providing social housing.

(d) This note has been restated to reflect certain contractual obligations that were disclosed in the Contractual Obligations note in the Department of Housing and Urban Affairs' March 31, 2010 financial statements but should have been disclosed as contractual obligations of the Corporation. There is no impact on any other part of the financial statements.

Note 10 Contractual Obligations (Cont'd)

(in thousands)

Obligations Under Contracts and Programs

Estimated payment requirements for each of the next five years and thereafter are as follows:

	Obligations under programs	Long-term leases	Service contracts	Total
2011-12	$ 11,400	$ 1,347	$ 16,241	$ 28,988
2012-13	11,400	1,347	-	12,747
2013-14	11,400	1,347	-	12,747
2014-15	11,400	1,347	-	12,747
2015-16	11,400	1,347	-	12,747
Thereafter	76,851	31,714	-	108,565
	$ 133,851	$ 38,449	$ 16,241	$ 188,541

Note 11 Contingent Liabilities

(in thousands)

At March 31, 2011, the Corporation is a defendant in nine legal claims (2010 – five legal claims). These claims have specified amounts totaling $3,181 (2010 – five claims with a specified amount of $1,079).

Included in the total legal claims are eight legal claims amounting to $2,286 (2010 – four legal claims amounting to $654) in which the Corporation has been jointly named with other entities. The Alberta Risk Management Fund covers six claims amounting to $1,179 (2010 – three claims amounting to $349).

The resulting loss, if any, from these claims cannot be determined.

Note 12 Program Recoveries

The Canada Mortgage and Housing Corporation (CMHC) provides contributions toward subsidies of rental properties and mortgages receivable and for certain capital costs, the administration expenses and net operating results of approved community housing projects through cost-sharing agreements. CMHC also provides contributions for net operating results of approved seniors housing projects.

Notes to the Financial Statements

Year Ended March 31, 2011

Note 13 Housing Providers

(in thousands)

The Corporation supports the provision of seniors and community housing through housing providers. Grants are provided to cover operating deficits of specific programs, and recoveries (revenues) are received from operating surpluses. Costs for property insurance, amortization and interest on long-term debt are incurred and recorded by the Corporation; housing providers do not incur or record these expenses.

Information on the recoveries from housing providers included as Other Revenue is as follows:

	2011	2010
Seniors Housing Providers - Surplus	$ 6,536	$ 6,582
Community Housing Providers - Surplus	283	4
	$ 6,819	$ 6,586

Information on the grants to housing providers' expense is as follows:

	2011	2010
Operating Grants to Housing Providers	$ 39,509	$ 45,565
Maintenance Grants to Housing Providers	-	2,500
Provincial/Federal Retrofit and/or Regeneration of Social Housing	38,766	45,328
	$ 78,275	$ 93,393

Note 14 Salaries and Benefits

The Corporation has no salaries or benefits to disclose under Treasury Board Directive 12/98 as amended due to the following:

The Corporation has no employees. Department of Housing and Urban Affairs staff administers the Corporation, and the estimated value of these services is included in Schedule 4 as an expense incurred by others.

The Corporation did not pay honoraria to its Board members.

Note 15 Comparative Figures

Certain 2010 figures have been reclassified to conform to the 2011 presentation.

Notes to the Financial Statements

Year Ended March 31, 2011

Note 16 Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer of the Department of Housing and Urban Affairs and the President of the Alberta Social Housing Corporation.

Schedule 1 – Revenues

Year ended March 31, 2011
(in thousands)

	2011		2010
	Budget (Schedule 3)	Actual	Actual
Internal Government Transfers			
Transfers from Department of Housing and Urban Affairs			
Debt Repayments	$ 25,384	$ 22,136	$ 23,891
Housing Providers	45,380	43,680	86,917
Land Development	68,090	21,176	3,833
Transfers from Department of Municipal Affairs			
Emergency Trailers	-	459	-
	138,854	87,451	114,641
Transfers from the Government of Canada			
Recoveries from Canada Mortgage and Housing Corporation (Note 12)	60,000	60,808	64,280
Investment Income			
Bank and Other	2,000	2,635	2,254
Mortgages	30	7	27
	2,030	2,642	2,281
Other Revenue			
Contributions in Kind			
Contribution from Housing Providers and Third Parties	-	7,611	2,321
Contribution of Assets Funded by Prior Year Government Grants from Another Ministry	-	10,604	7,136
Miscellaneous	100	19	12
Recoveries from Housing Providers	6,000	6,819	6,586
Refunds of Expenditures	-	805	936
Rental Revenues	-	108	145
	6,100	25,966	17,136
Total Revenues	$ 206,984	$ 176,867	$ 198,338

Schedule 2 –
Expenses – Directly Incurred Detailed by Object

Year ended March 31, 2011
(in thousands)

	2011		2010
	Budget (Schedule 3)	Actual	Actual
Voted			
Supplies and Services	$ 2,516	$ 4,573	$ 3,436
Grants	93,217	86,536	100,039
Debt Servicing Costs	17,453	17,451	18,968
Amortization of Tangible Capital Assets	23,818	23,108	22,922
	$ 137,004	$ 131,668	$ 145,365
Statutory			
Valuation Adjustments			
Provision for Loss on Guarantees, Indemnities and Mortgages	$ 10	$ (13)	$ 4

Schedule 3 – Budget

Year ended March 31, 2011
(in thousands)

	2010-11 Estimates	Adjustments[a]	2010-11 Authorized Budget[b]
Revenues			
Internal Government Transfers	$ 138,854	$ 3,115	$ 141,969
Transfers from the Government of Canada	60,000	-	60,000
Investment Income	2,030	-	2,030
Other Revenue	6,100	-	6,100
	206,984	3,115	210,099
Expenses - Directly Incurred			
Voted Expenses			
Support to Housing Providers			
Seniors Housing Providers	30,777	-	30,777
Community Housing Providers	62,140	(3,960)	58,180
Other Housing Providers	296	-	296
Insurance	2,355	-	2,355
Amortization	23,818	-	23,818
Other Asset Administration	165	-	165
Grants in Kind	-	9,191	9,191
Debt Servicing Costs	17,453	-	17,453
	137,004	5,231	142,235
Statutory Expenses			
Valuation Adjustments			
Provision for Losses on Guarantees, Indemnities, and Mortgages	10	-	10
	137,014	5,231	142,245
Gain on Disposal of Tangible Capital Assets	4,564	-	4,564
Net Operating Results	$ 74,534	$ (2,116)	$ 72,418
Capital Investment	$ 68,090	$ 7,075	$ 75,165

(a) Adjustments include in-year transfers between ministries.
Treasury Board approval is pursuant to *section 24(2) of the Financial Administration Act* for credit or recovery of spending; or to the *Appropriation Act 2010, section 5,* which adjusts the gross amount to reflect transfers for emergent capital purposes from Infrastructure.

(b) There are no Supplementary Estimates approved for 2010-11.

Schedule 4 – Related Party Transactions

Year ended March 31, 2011
(in thousands)

Related parties are those entities consolidated or accounted for on the modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Corporation.

The Corporation paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Corporation had the following transactions with related parties recorded on the Statements of Operations and the Statements of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2011	2010	2011	2010
Revenues				
Internal Government Transfers	$ 86,992	$ 114,641	$ 459	$ -
Expenses - Directly Incurred				
Risk Management and Insurance	$ -	$ -	$ 1,759	$ 1,338
Debt Servicing Costs	-	-	10,476	11,835
	$ -	$ -	$ 12,235	$ 13,173
Deferred Financing Charges				
Alberta Finance and Enterprise	$ -	$ -	$ 379	$ 515
Accounts Receivable				
Alberta Transportation	$ -	$ -	$ -	$ 1,206
Risk Management and Insurance	-	-	5,574	9,439
Alberta Housing and Urban Affairs	20,010	37,600	-	-
Alberta Municipal Affairs	-	-	23	-
	$ 20,010	$ 37,600	$ 5,597	$ 10,645
Accounts Payable				
Alberta Finance and Enterprise [1]	$ -	$ -	$ 157,940	$ 181,590
Alberta Housing and Urban Affairs	300	-	-	-
Alberta Infrastructure	-	-	762	362
	$ 300	$ -	$ 158,702	$ 181,952

[1] Debt and accrued interest on debt.

Schedule 4 – Related Party Transactions (Cont'd)

Year ended March 31, 2011
(in thousands)

The Corporation also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 5.

	Entities in the Ministry		Other Entities	
	2011	2010	2011	2010
Expenses - Incurred by Others (Schedule 5)				
Salaries and wages	$ 4,644	$ 4,278	$ -	$ -
Supplies and services	1,934	902	-	-
Accommodation	-	-	1,230	1,224
Internal Audit	-	-	25	74
Legal	-	-	42	27
	$ 6,578	$ 5,180	$ 1,297	$ 1,325

Schedule 5 – Allocated Costs

Year ended March 31, 2011
(in thousands)

	2011									2010
	Expenses - Directly Incurred				Expenses - Incurred by Others[2]			Valuation Adjustments		
	Expenses [1]	Debt Servicing Costs [1]	Amortization/ Insurance [1]	Grants in Kind [1]	Other Services[3]	Accommodation	Legal/ Internal Audit	Losses/ Recoveries	Total Expenses	Total Expenses
Seniors Housing Providers	$25,665	$ 9,357	$17,623	$ 9,190	$ 4,407	$ 824	$ 45	$ -	$ 67,111	$ 58,532
Community Housing	52,610	8,061	8,749	-	2,155	403	22	-	72,000	92,872
Other Housing	148	33	93	-	16	3	-	-	293	287
Other Asset Administration	139	-	-	-	-	-	-	(13)	126	183
	$78,562	$17,451	$26,465	$ 9,190	$ 6,578	$ 1,230	$ 67	$ (13)	$ 139,530	$ 151,874

[1] Expenses - Directly Incurred as per Statement of Operations, excluding valuation adjustments.

[2] Costs shown for Expenses - Incurred by Others are as disclosed in Schedule 4.

[3] Other Services includes salaries and wages, and supplies and services.

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